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ABSTRACT

Supported by the state governments of the South, the Southern Growth Policies Board creates strategies for regional economic development. Every 6 years, the Board's chairman (a state governor) appoints a blue-ribbon commission to analyze the condition of the South, develop regional objectives, and recommend approaches to regional problems. This report of the 1998 commission begins with an overview of the ways in which regional cooperation is working for economic development, as well as areas of concern: pockets of poverty in rural counties and inner cities and the need to improve the knowledge and skills of the work force. The next four chapters outline four interrelated goals and the strategies to address them: (1) building vibrant, secure communities; (2) building healthy environments for children (investing in early childhood education, comprehensive prenatal care, and high-quality child care); (3) building quality education and world-class work skills (combining high standards with strong incentives for experimentation and high-quality teaching, implementing a continuous improvement program for elementary and secondary education); and (4) building broader economic partnerships focused on infrastructure, university research, the needs of inner cities and rural areas, entrepreneurship, international markets, and tourism. For each goal, recommendations outline what regional, state, and community partnerships can do. (Contains commissioner biographies, a list of institutional members, and an index.) (SV)

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Southern Connections:

Connecting with Each Other, Connecting with the Future

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The Final Report of the 1998 Commission on the Future of the South

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Southern Growth
Policies Board

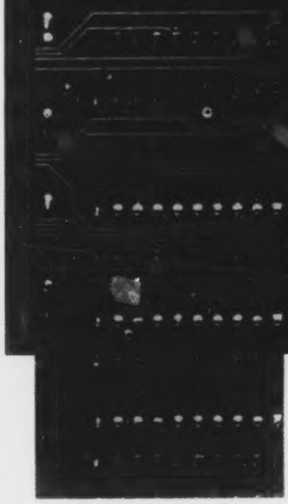
The Southern Growth Policies Board is a public, nonprofit, interstate organization charged with creating strategies for economic development that address the diverse, interrelated factors affecting the Southern economy. It is supported by the state governments of the South and by Associate Members from the private sector, local governments, educational institutions, and other organizations interested in the region's continued progress.

The Southern Technology Council, one of the Board's two advisory bodies, strengthens the region's economy through the development and use of technology.

The Southern International Trade Council develops long-range, capacity-building strategies to strengthen the South's environment for international business.

Southern Connections:

Connecting with Each Other,
Connecting with the Future



The Final Report
of the 1998 Commission on the Future of the South

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Acknowledgments

The Report of the 1998 Commission on the Future of the South is the culmination of an effort which began under the leadership of Kentucky Governor Paul Patton, the 1997-98 chairman of the Southern Growth Policies Board, and concluded under the guidance of West Virginia Governor Cecil Underwood, the Board's 1998-99 chairman. Former Kentucky Governor Martha Layne Collins, the chairman of the 1998 Commission, provided committed leadership throughout the Commission's deliberations.

The Southern Growth Policies Board wishes to thank not only the Commissioners for their dedication and hard work throughout this process, but also all of those who contributed to the report that is now before you.

This *Final Report* was written by Ed Morrison, president of the Morrison/Dodd Group, a consulting firm based in Shreveport, Louisiana, with the assistance of Tack Cornelius and John Manuel.

The Board and the Commission deeply appreciate the major funding provided by BellSouth Corporation, by GTE Corporation, and by LG&E Energy Corporation and its Chairman and CEO, Roger Hale, who served as Finance Chair of the 1998 Commission. Special recognition is due to all of the corporations, state governments, and economic development organizations that generously supported the Commission's work.

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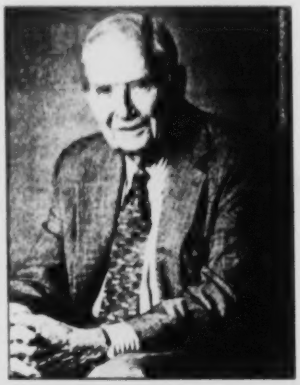
Dedication

The South's successes have not come by chance. It is not by chance that the South is one of the most sought after places in the world to do business. Nor is it by chance that the South's communities are among the most sought after places to live, to raise a family. The South's successes are the result of hard work and dedication. They are the result of the many Southerners who have committed themselves to "giving something back" to their neighbors, to their communities, to their states.

The 1998 Commission on the Future of the South would like to dedicate this report to the many Southerners who exemplify this spirit of "community" in the South–Southerners from all walks of life who have helped make the South such a special place–Southerners like Terry Sanford and Oseola McCarty.

Terry Sanford



A former governor, senator, state legislator, author, presidential candidate, and university president, Terry Sanford has been hailed as one of the great leaders of our time. Upon Sanford's death in April 1998, President Clinton observed that "his work and his influence literally changed the face and future of the South, making him one of the most influential Americans of the last 50 years." He was instrumental in the creation of the Southern Growth Policies Board as well as the Education Commission of the States—a testament to his lifelong commitment to education and progressive economic development. But perhaps his greatest legacy is his "spirit of boundless optimism and commitment to excellence for our children and our public schools," a spirit and commitment that, North Carolina Governor Jim Hunt noted, "have changed us forever."

Oseola McCarty

Despite her more modest path in life, Oseola McCarty's contributions to the region are no less inspiring. Now over 90 years old, Ms. McCarty spent her entire life washing and ironing other people's clothing, having dropped out of school in the sixth grade to care for a sick aunt. Upon her "retirement" in 1995 at age 87, she donated $150,000—the bulk of her life's earnings—to start a scholarship fund at the University of Southern Mississippi. She wanted others to have a chance at the education she never had. "I can't do everything," she commented. "But I can do something to help somebody. And what I can do I will."

Let these and the deeds of other Southerners be an inspiration to all of us. Let us capture this spirit of the South and use it to make our region even better in the future.

The 1998 Commission

The Commission on the Future of the South is a unique undertaking of the Southern Growth Policies Board. The Interstate Agreement which formed the Board specifies that the Board prepare a Statement of Regional Objectives every six years, including recommended approaches to regional problems. This mandate has taken the form of an analysis of the condition of the region and a statement of goals and objectives for the Board—and the region—to address.

The first Southern Growth chairman to respond to this mandate was Georgia Governor Jimmy Carter in 1974. He chose to empanel a blue-ribbon group of Southerners that he called the Commission on the Future of the South. Six years later, South Carolina Governor Richard Riley created the second Commission, and six years after that, Arkansas Governor Bill Clinton formed the third. The fourth Commission was created by West Virginia Governor Gaston Caperton in 1992.

> *The road ahead will lead us to a bold, exciting transformation of the South.*
>
> *Commission Chair*
> *Martha Layne Collins*

Members of the 1998 Commission, the fifth to be convened by the Board, were nominated by the Southern governors and appointed by Kentucky Governor Paul Patton, the Board's 1997-98 chairman. The Commission, which has met seven times since the Board's 1997 Conference on the Future of the South, was chaired by former Kentucky Governor Martha Layne Collins.

Each Commission has left a lasting mark on the region. The first focused on growth management, which was the top agenda item for the Board when it was formed. The Commission's final report spelled out a vision for the region which was beginning its now very rapid rate of growth. One of the recommendations of the 1980 Commission precipitated the movement towards regional banking. The 1986 Commission firmly linked human resource development to economic development. And the 1992 Commission drew attention to the importance of measuring our progress as a region.

The 1998 Commission holds similar hopes for the report that is now before you. It is up to all of us to make this report come alive—to ensure that these findings are embraced and implemented throughout our region.

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Heidrick & Struggles
Georgia

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Focusing on issues critical to our future

The Honorable Cecil Underwood
Governor of West Virginia
1998-99 Chairman, Southern Growth Policies Board

As 1998-99 Chairman of the Southern Growth Policies Board, I am pleased to share with you the final report and recommendations of the 1998 Commission on the Future of the South. This Commission was the fifth in a distinguished line of Commissions that have become an integral part of the Board's work. Its 23 members were nominated by the Southern Governors and appointed by 1997-8 Chairman of the Board, Kentucky Governor Paul Patton.

I congratulate Governor Patton, Commission Chair Martha Layne Collins, and all of the Commissioners for focusing the region's attention on issues that will be critical to our future. I find the report's emphasis on technology and its underscoring of the rapidity of change to be particularly compelling.

The Commission on the Future of the South places before us many significant challenges. I encourage all of you to take these initiatives to heart, to work diligently for their implementation, and to bring more and more people into concert with what we are trying to do across the South. This report dare not gather dust on anyone's bookshelf, for our ability to address these challenges will determine the future of our region.

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Charting a course for continued prosperity

The Honorable Paul E. Patton
Governor of Kentucky
1997-98 Chairman, Southern Growth Policies Board

We have a strong regional history and tradition in the South. One of our strengths has always been our ability to come together in order to share our problems and identify opportunities to work together for a better future. Nowhere is this better exemplified than in the work of the Commission on the Future of the South.

As 1997-98 Chairman of the Board, I had the honor of convening the 1998 Commission at the 1997 Conference on the Future of the South. I am proud of the members' hard work and dedication over the past year under the leadership of Governor Martha Layne Collins, and commend them for recommendations that I am confident will help the South chart a course for continued prosperity into the 21st century.

As the Commission's report emphasizes, the day-to-day changes of the recent past are much different than the sweeping changes we are likely to face in the immediate future. I believe the nation, the world, and certainly the South, are in the middle of a sea change. As we move forward, we need to pay close attention to these sweeping changes and what they require in terms of investments in our human and physical infrastructure. At the same time, I urge all of us not to lose sight of the need to preserve and protect our strong Southern values.

I challenge each of you to embrace the recommendations in this report and welcome change as the route to a new, better South. If we do it right, the South can make a quantum leap forward.

Paul E. Patton

Offering a roadmap to a bold transformation

The Honorable Martha Layne Collins
Chair, 1998 Commission on the Future of the South
Former Governor of Kentucky

How can the South participate fully in the new economy? What should our leaders be doing to make sure all Southerners share the benefits of an improved quality of life? Those were questions facing the 1998 Commission on the Future of the South when members began their work in June 1997.

Our task was to create a vision of the future that would both reflect reality and inspire action. We thought broadly and boldly, and then focused our thinking with practical considerations. We never lost sight of the challenges facing the South as global trade barriers fall, international competition intensifies, and cultural and technological change become constant in our lives.

Throughout our deliberations we learned from each other. We come from various backgrounds, reflecting the diversity that is one of the South's strengths. We were not afraid to disagree, but we never lost our commitment to work together. In the end, our discussions brought us to a strong consensus that we can translate our vision into reality. While we tempered our dreams, we never abandoned our high expectations. We know that not all we propose will be accomplished, but our report will be dynamic; it will evolve as times change, as it should.

Our report is compiled in two volumes. This *Final Report* presents background information and descriptions of existing initiatives, which can be adapted in other states. The *Summary Report* outlines our recommendations for action. We hope that, after reading our recommendations, you will share our enthusiasm and optimism for the possibilities ahead of us.

I am very proud of the 1998 Commission on the Future of the South, and I thank the members for their remarkable commitment of time and energy to this work. I know that each member of the Commission shares a sense of privilege. We offer a roadmap to the future, believing that the road ahead will lead us to a bold, exciting transformation of the South.

Executive Summary

Our Current Situation

- Our past leadership has been remarkably successful in building the strength of our economy. The South is now the third largest economy in the world, behind the U.S. and Japan.
- Our economic development formulas, although successful, need adjustment. Most important, throughout the South both people and places have been left behind. The time is now—while we are enjoying unprecedented economic prosperity—to address the difficult problems of our declining inner cities and our poor rural counties. Targeted infrastructure and education investments—financed by innovative new partnerships—provide a critical first step to meeting these challenges.
- Our economic formulas need adjustment for another reason. All around us, markets are integrating across the globe. Information is pushing endless education, research, and information infrastructure to the top of our economic development agenda. In a world in which productive investment can occur anywhere, a world in which technology and capital moves easily across national borders, we have one uniquely valuable resource—our people.
- We can prepare ourselves and our children for what is ahead by meeting four related challenges:
  - Building vibrant, secure communities;
  - Building healthy environments for our children;
  - Building quality education and world class work skills; and
  - Building broader economic partnerships.

Our First Goal: Build Vibrant, Secure Communities

- The strength of our individual communities will determine our collective prosperity, quality of life, and ability to meet the challenges of global competition. Tourism and arts projects offer a good place for virtually every community to build for the future.
- Market forces will reward those who are prepared to participate in the Networked Economy and penalize those who are not. Along with the opportunity for collective advancement, we face a serious risk of a growing gap between the "haves" and the "have-nots." Unless we are careful, these forces will pull our communities apart.
- Our legacy of racial separation combined with a growing cultural diversity in the South pose another challenge: we need new ways to communicate across cultural boundaries. As Commissioner Isaiah Tidwell notes, "We must learn to live together, or we are destined to endure the misery of the consequences."
- Leaders in the region, our states, and our localities share important responsibilities for building communities and strengthening our civic life. Too many of us are blaming civic ills on problems we have caused through our own inaction. Citizenship, especially in these times, demands personal integrity and consistent commitments to action.
- By looking across the South, we can find innovative communities and committed civic entrepreneurs marking the road ahead. We need simply to follow their lead.

Our Second Goal: Build Healthy Environments for Our Children

- Our system of early childhood education is clearly failing our children. They are not coming to school prepared to learn, and by the fourth grade not enough are reading well. Depending on the state, between 34 percent and 52 percent of our fourth graders are reading below a basic level.
- Poor primary school performance is no mystery. We know what we must do to prevent early childhood failure for every child. To be ready for school, children need to grow up in an emotionally supportive, highly verbal, and protective environment in which adults teach and model appropriate behavior.
- Our current system fails to meet the test. A survey of state regulated child care centers showed that 86 percent

of the centers provided mediocre or poor quality care when judged from the perspective of child development. Worse still, 12 percent were of such poor quality that the children's basic health and safety needs were only partially met.

- To prepare ourselves for an economy that values knowledge above all else, we must improve our success dramatically with early childhood education. We need to build a flexible system of quality alternatives. We should be focusing at least as much of our energy and attention on early childhood as we do on post-secondary education.
- Our new approach needs to include comprehensive prenatal care, flexible, responsive supports for families that need them, parent education in child development, high-quality child care centers staffed by trained child care professionals, universal preschool, and mandatory full-day, every day kindergarten.
- Investing in early childhood education will be expensive. Yet, over the long run, the investment is a bargain compared to our alternatives of remedial programs, special education, high school dropouts, and persistent cycles of crime, prison and poverty. Evidence suggests that we will save on the order of $4.75 for every dollar invested in quality preschool, and that quality preschool will significantly lower high school dropout rates.

Our Third Goal: Build Quality Education and World Class Work Skills

- In the Networked Economy, brainpower is everything. If we do not improve our educational quality dramatically, we will not be able to compete for the high-value jobs of the future. Companies will simply locate and expand where education is better.
- Over the last decade, the performance of our education system has improved incrementally, while our economy has moved exponentially. We cannot expect to compete effectively with the school systems we have.
- We can only improve dramatically through a combination of clear, high standards for everyone (top-down accountability) combined with strong incentives for flexible experimentation and high-quality teaching within each school (bottom up innovation).
- What teachers know and can do is the most important influence on what students learn. Preparing, recruiting, and supporting good teachers should become our central strategy for improving our schools.
- In improving primary and secondary education, we should implement a continuous improvement program for each school that sets a minimum of five goals:
  1. Every child will be able to read and comprehend by the fourth grade;
  2. Every student will have a rigorous program of mathematics, including algebra, by the ninth grade;
  3. Every high school will increase the percentage of its graduates who have successfully completed courses in higher mathematics and physical sciences;
  4. Every student will be taught by teachers who are well prepared in the content of their subjects and the techniques of teaching; and
  5. Every high school will increase the percentage of its graduates who are proficient in a second language.
- Schools will not improve unless the adults in a community make a focused and sustained commitment to quality public education. Each school must create conditions in which teachers can teach and teach well.
- The boundaries between education and the community and between education and the marketplace are blurring. In the Networked Economy, everyone is in the same boat. Everyone has a stake in continuous learning. To build our prosperity, we need a firm, consistent commitment to innovative, high-quality public education.

Our Fourth Goal: Build Broader Economic Partnerships

- The South now represents the third largest economy in the world. Global factors will play an increasingly important role in shaping our economic prospects. To build our competitive position, we need to build broader economic partnerships. No state, and certainly no community, can afford to go it alone. These partnerships should focus on six priority areas:
  1. Build world class infrastructure, especially in the emerging areas of information technology and intermodal transportation;
  2. Double university research;

3. Implement widespread, innovative initiatives to build the wealth of people living in inner cities and rural areas;
4. Strengthen our networks to support entrepreneurial teams that are committed to building businesses in the South;
5. Push aggressively into international markets, especially in Central and South America; and
6. Promote tourism even more aggressively with stronger local, state, and regional partnerships.

- *Information infrastructure.* The South's information infrastructure is spread unevenly, and rural areas and inner cities could be left behind. The next generation higher capacity Internet may leave rural universities with higher costs to pay. These problems are not new. We faced them with the development of our networks for electricity and the telephones. We can solve the problems of building affordable access to information technology, but it will require a regional effort.
- *Multimodal transportation.* To keep connected to the global market, we need to invest in the most efficient transportation corridors in the country for moving both people and freight.
- *University research.* We have a relatively weak base of university research. A large number of our best trained scientists and engineers leave the South for jobs in other parts of the country. We need to promote the commercialization of technology developed in our universities in order to grow and attract new businesses. As a goal, we should double our university research base in the next 10 years.
- *Inner cities and rural areas.* Building wealth in inner cities and rural areas must come from building competitive businesses. Promising initiatives have been started, but we need to come up with a broader strategy to increase our investments in these initiatives. Foundations, commercial banks, and our larger employers, such as automobile manufacturers, can play a vital role.
- *Entrepreneurs.* Our infrastructure to support entrepreneurs needs strengthening. We need to build more incubators, strengthen local support networks, and teach entrepreneurial skills far more aggressively. We need to remember, however, that often the most effective way to support entrepreneurs is to remove the obstacles they face.
- *International markets.* We should take a leading role in the development of the Free Trade Area of the Americas. Southern states have a relatively strong export position in these markets, and our close work with Puerto Rico can help us as we develop these market opportunities.
- *Foreign languages.* Teaching foreign languages is one of the most direct ways a community can expand its international connections. While more students are taking a second language, not enough are. Virtually every child needs this exposure.
- *Exports.* Despite our economic strength, we have a relatively weak base of exporting firms. Support for exporters is often fragmented, and we can do more to coordinate our efforts across the region.
- *Tourism.* International tourism creates a major opportunity for virtually every community in the region. To take advantage of this opportunity, however, communities and states must work together to package their tours and attractions. Again, this step calls for wider regional cooperation.

Next Steps

- The Commission did not address budgets and related matters of governance. We are convinced, however, that public, private and nonprofit organizations throughout the South can devise pragmatic implementation and funding plans. Toward that end, the Commission expects that on completion of its report, the Commission, the Southern Governors' Association, the Southern Growth Policies Board, and other regional organizations will form task forces to address funding and governance issues.
- The Commission proposes to implement this report through a series of Southern Summits. The first, a Southern Leadership Summit, should be held in Fall, 1999. Others should follow in Child Care, Health Care, and other issues.
- The Commission has outlined the types of partnerships we need at the regional, state and local, levels to prepare ourselves for the challenges ahead. We look to the

summit meetings to refine projects, budgets, time schedules, and responsibilities.

- Bold improvements come from bold thinking and action. We have proven in the past that we can overcome serious problems with the imagination to think in new ways and the discipline to translate our ideas into action. Now is the time to move forward again as a region.

Proposed Schedule of Southern Summit Meetings

Summit Meeting	Participants	Objectives	Timing
Southern Leadership Summit	Graduates of Southern leadership programs and others	Establish ongoing network among Southern leaders; plan other summit meetings in target areas.	Fall 1999
Southern Health Care and Telemedicine Summit	Leaders responsible for health care policy	Define areas in which coordinated policies can shift focus to prevention. Potentially include telemedicine.	Spring 2000
Southern Infrastructure Summit	Leaders responsible for capital budgeting and economic development	Define new approaches to financing needed infrastructure, especially in disadvantaged areas of the South.	Spring 2000
Southern Child Care Summit	Leaders responsible for child care policy	Define model legislation and policies for improving early child care throughout the South.	Spring 2000
Southern Telecommunications Summit	Leaders involved with telecommunications policy	Define regional approaches to telecommunications policy that will lead to efficient, high capacity, seamless communications infrastructure.	Spring 2000
Minority Economic Development Summit	Leaders involved in business and infrastructure development in minority communities, especially inner cities and low income, rural counties	Define regional initiatives to educate, support and finance business owners in the minority community. Define indicators to measure our progress.	Spring 2000

Recommendations

Build vibrant, secure communities

What Regional Partnerships Can Do:

- Establish a Southern Leadership Network to support the region's community leadership programs and encourage networking and collaboration.
- Establish and use practical benchmarks for our quality of life.
- Eliminate all substantial barriers to interstate telemedicine.
- Convene a Southern Health Care Summit to focus regional resources on preventative health care.

What State Partnerships Can Do:

- Encourage joint community-building projects among economic development agencies, arts agencies, tourism agencies, and cultural and civic organizations.
- Help local governments establish a process to conduct fiscal impact analyses to measure the financial costs and benefits of public projects, new development and other community decisions.
- Upgrade civic education, character education, responsibility training, and conflict resolution curricula in primary and secondary schools.
- Encourage colleges and universities to adopt service-learning programs for students and faculty.

What Community Partnerships Can Do:

- Work with faith-based institutions and other community-based organization to launch new, continuous dialogues on racial and cultural diversity.
- Adopt procedures to assess the fiscal impact of local development decisions.
- Establish community information networks similar to Blacksburg Electronic Village.

Build healthy environments for our children

What Regional Partnerships Can Do:

- Establish and use practical benchmarks for young children and families.
- Select model approaches for the licensing of child care centers.

What State Partnerships Can Do:

- Design a system for early childhood education, as we have done for other aspects of education.
- Develop a comprehensive Starting Points strategy to improve the health and education of young children.
- Offer universal preschool for three- and four-year-olds.
- Require full-day, every-day kindergarten.
- Adopt model legislation for the licensing of child care centers.
- Implement a child care professional development initiative.

What Community Partnerships Can Do:

- Launch a comprehensive Starting Points strategy to improve the health and education of young children. Join with faith-based institutions and other community-based organizations to create networks to strengthen families in each community.
- Implement a parenting education initiative similar to Parents as Teachers.

Build high quality education and world-class work skills

What Regional Partnerships Can Do:

- Build the Southern Regional Electronic Campus into the leading electronic campus in the world.
- Advocate for a standard national approach for measuring the number of and reasons for high school dropouts.
- Identify the causes of and develop strategies for preventing high school dropouts.

What State Partnerships Can Do:

- Develop a plan to teach science and math to international standards as set forth in the Third International Mathematics and Science Study (TIMSS).
- Adopt statewide teacher development incentives and licensure requirements to increase the percentage of teachers professionally trained in:
  - the subject matter they teach;
  - the use of information technology; and
  - ways to manage cultural diversity in the classroom.
- Improve the ability of post-secondary institutions to respond rapidly to industry's ever-changing needs for skilled workers.
- Adopt simple, clear measures for schools to report high school dropouts.
- Build alliances among school districts to expand foreign language education programs.

What Community Partnerships Can Do:

- Implement a continuous improvement program for each school that sets a minimum of five goals:
  1. Every child will be able to read and comprehend by the fourth grade;
  2. Every student will have a rigorous program of mathematics, including algebra, by the ninth grade;
  3. Every high school will increase the percentage of its graduates who have successfully completed courses in higher mathematics and physical sciences;
  4. Every student will be taught by teachers who are well prepared in the content of their subjects and the techniques of teaching; and
  5. Every high school will increase the percentage of its graduates who are proficient in a second language.
- Implement an aggressive dropout reduction program for each school.

Build broader economic partnerships

What Regional Partnerships Can Do:

- Educate leaders and students throughout the South on the challenges and opportunities of the New Economy.
- Create new, regional approaches to financing infrastructure, especially in areas where we need jobs: urban core neighborhoods and distressed rural counties.
- Develop innovative regional coalitions to improve workplace skills.
- Coordinate state telecommunications policies to accelerate the deployment of an affordable, high-capacity, seamless information infrastructure throughout the South.
- Develop the most efficient intermodal transportation corridors in the world.
- Implement innovative regional public-private initiatives to create and support competitive companies in inner cities and rural areas.
- Implement a regional initiative to promote the development of an integrated market of the Americas.
- Promote the South more aggressively in international markets.

What State Partnerships Can Do:

- Build an entrepreneurial infrastructure to support the growth of home-grown businesses.
- Double the level of university-based research leading to commercial development.
- Generate matching funds as an incentive to encourage university-industry partnerships.
- Invest in high capacity information infrastructure.
- Upgrade state incentives for local tourism development.

What Community Partnerships Can Do:

- Improve the responsiveness of government to small businesses.
- Build business-to-business networks to support entrepreneurs similar to the Council for Entrepreneurial Development.
- Teach foreign languages to more students.
- Implement entrepreneurial education curricula in the schools.
- Incorporate tourism into local economic development plans.

Chapter 1
An Overview

As the 20th century draws to a close, times in the South have never been better. Our region's economy is the third largest in the world, behind only the national economies of the U.S. and Japan. We are generating jobs at a faster rate than any other region in the country—4.6 million new jobs since the last Commission reported in 1992. We have also narrowed our income gap with other states.

The South is the center of the for-profit health care industry in the U.S. Our telecommunications companies lead the world in exciting new markets. Our universities are helping to develop the next generation Internet. More international tourists are visiting the South than ever before. Our companies export more to the fast growing markets of Central and South America than any other region in the country. As these markets integrate in a new free trade area, we will lead the way in building a New American Market with over 800 million consumers, more than twice the size of the European Union.

Regional Cooperation Works

Chance has played little role in our success. We have reached these economic heights by following our extraordinary tradition of disciplined leadership. Many deserve recognition. For nearly 30 years, our governors and their administrative teams, state legislators, and countless state and local officials have worked together to support innovative and aggressive investment partnerships. Our teams have devised successful formulas for economic development: keeping taxes low and stable, investing in needed infrastructure, and marketing relentlessly.

In the years ahead, we will need to continue these policies. Responsible management of state and local finances sets a predictable environment for investment. State and local governments have no more important task than finding new ways to do the public's work more flexibly, responsively, and efficiently. We also need major new investments in physical infrastructure to help sustain our growth. Projects range from transportation corridors to school buildings, from wastewater treatment facilities to high-capacity telecommunication networks.

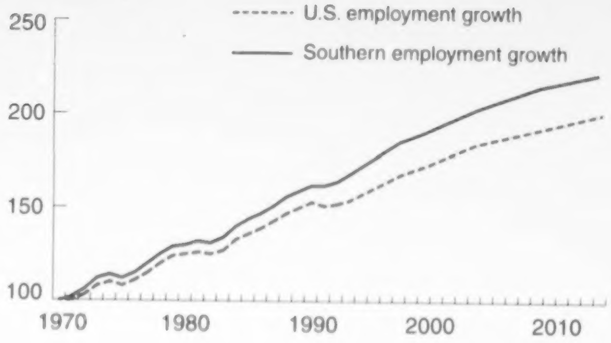
Focused, aggressive marketing has placed the South in the forefront of new business and technology investment. However, marketing in the global economy is becoming ever more expensive and complex. Under these circumstances, regional partnerships that promote the South will become all the more important.

Areas of Concern

While our traditional development formulas have been effective in many respects, they have not led to uniform progress. For one, economic prosperity remains a distant dream for many rural counties in the South, as it is for many inner cities. In every state and Puerto Rico, it is not hard to find big pockets of poverty.

The current era of remarkable prosperity creates new opportunities for us. Now is the time to build successful businesses in these areas. Throughout the South, we need continued aggressive infrastructure investments and a strong, new emphasis on entrepreneurs and the companies they build. Competitive businesses create our only stable path to reducing poverty.

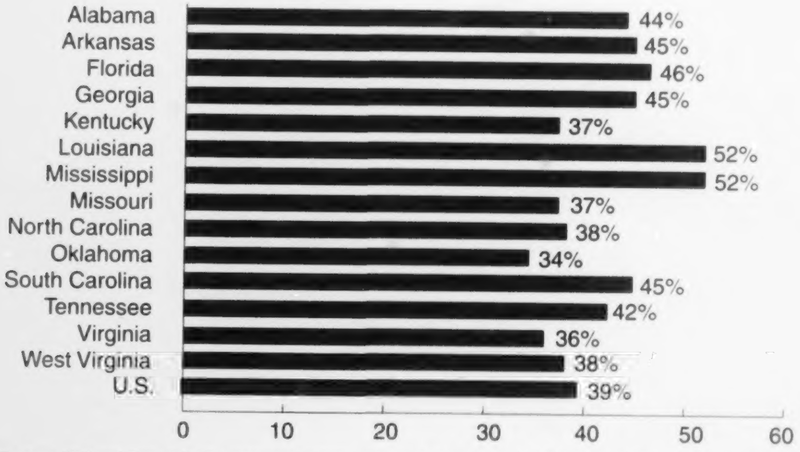
Index of employment growth, 1970-2010 (1970=100)



Source: Morrison/Dodd Group, L.L.C., U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.

Second, we lag in the most important area for attracting quality jobs in the future—the knowledge skills of the workforce. Traditionally, the South has been able to lure new industry on the strength of low-cost labor and cheap and abundant land. In today's global marketplace, virtually every nation is in the recruiting game and many can underbid us when it comes to land and labor. The only way we can continue to attract high quality jobs in the future is to have the best-educated workforce.

Percentage of 4th grade students scoring below basic reading level in 1998



Source: National Center for Educational Statistics, National Assessment of Educational Progress (NAEP), 1998 Reading Assessment. Figures for Puerto Rico not available.

In this realm, the South has a long way to go. The South has more high school dropouts, more children living in poverty, and lower rates of educational achievement than any other region in the country. To cite one telling statistic, between 34 percent and 52 percent of our fourth graders are reading below a basic level.[1] This is unacceptable.

Fortunately, initiatives aimed at improving education and workplace skills abound in the South. The

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[1] These data are based on the National Assessment of Educational Progress (NAEP), as reported in the Kids Count database compiled by the Annie E. Casey Foundation at www.aecf.org. These data are also available from the National Center for Education Statistics. Since 1969, the NAEP survey of educational achievement has measured a national sample of 9, 13 and 17 year olds. "Basic" is a level of achievement which denotes partial mastery of the skills and knowledge which are needed for proficient work at a particular grade. See National Education Goals Panel, *The National Education Goals Report: Building a Nation of Learners* (1997), p. 314.

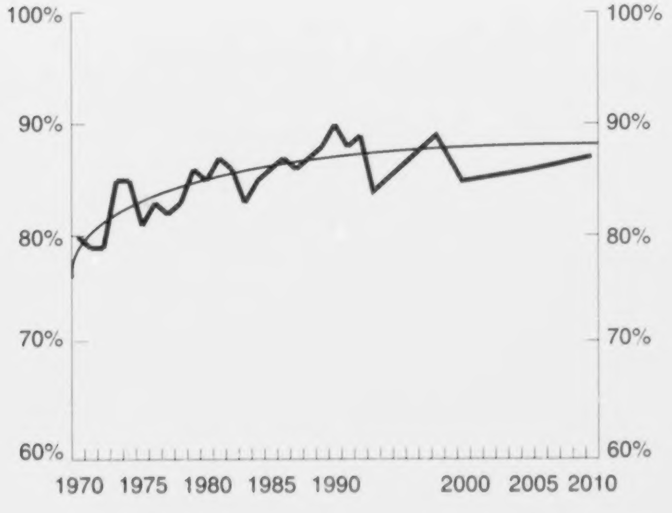
> ***Life is not a dress rehearsal. We get one chance to do this right. And what we must do right is to truly understand—and operate and make decisions in the process—that children are indeed our most valuable asset.***
>
> *Commissioner Veronica Biggins*
> *Georgia*

Savannah Youth Authority, Puerto Rico's Our Children First, Communities in Schools programs, Kentucky's statewide school reforms, St. Louis' Parents as Teachers program—these are but a few of the successful models for tackling our educational shortcomings.

Our task as a Commission has been to devise practical ways to broaden these efforts. It is time for us to go beyond simply replicating successful programs piecemeal. We need to launch a comprehensive, long-term regional strategy to build our most valuable asset—the knowledge skills of our people. The magnitude of this challenge—and it is huge—should not deter us. We have done it all before. Experiment, innovate, and invest heavily in what works. That is how we transformed our weakened economy in the Depression era to a world powerhouse today.

More than anything else, the South will benefit by shifting our thinking to aggressive strategies of prevention. We are far better off encouraging healthy habits than responding to the consequences of bad behavior.

Southern per capita income as percent of U.S., 1970-2010



Source: Morrison/Dodd Group, L.L.C.; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System

For example, each year, more than 86,000 babies are born in the South below a normal birth weight. On average, low birth weight babies require an additional $15,000 in medical costs during the first year of life and $200,000 over their entire life. Reducing the number of low birth weight babies by 20,000 per year will immediately cut our health care costs by $300 million annually.

Each year in the South, some 300,000 teenagers leave high school before graduating. Rather than disappearing from sight, these dropouts cause on-going problems for our society. Dropouts are three times more likely than high school graduates to be arrested. That is reflected in a Southern prison population that has swelled from 241,000 in 1992 to over 305,000 today. The collective cost to our states of maintaining these prisoners is $6.9 billion annually. If we can cut high school dropouts by one third, we will increase our economic output by approximately half-a-billion dollars a year. For every 10,000 young people we keep out of prison, we will cut state expenditures by $230 million per year.

Preventing these problems—especially by paying much closer attention both to the education of our youngest children and the health of every Southerner—builds the foundation for our future economy.

Our Agenda for the Next Six Years

The Commission believes that leadership teams throughout the South will build a prosperous future if we meet four related challenges.

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1. **Build vibrant, secure communities** by binding our different cultural traditions into a powerful source of strength and understanding.
2. **Build healthy environments for our children** by providing every child with a safe, healthy, educational start in life.
3. **Build a world-class workforce based on learning and knowledge** by increasing the quality and effectiveness of public education.
4. **Build broader, stronger economic partnerships** in order to double university research, coordinate workforce training, open new global markets, and invest aggressively in infrastructure and business support for entrepreneurs, especially in our inner cities and rural areas.

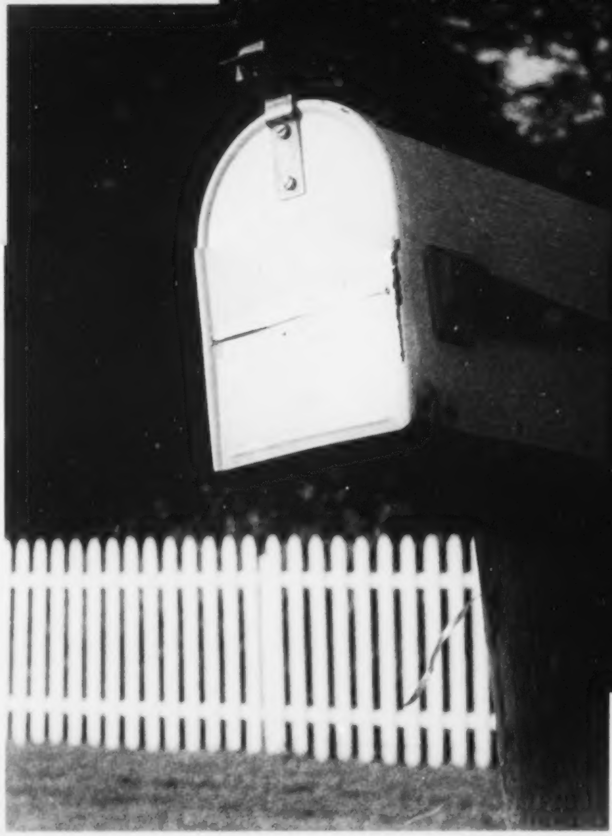
These challenges are all interconnected, and success in one area will strengthen our position in another. As such, we must move forward on all these challenges at once, even if the pace of our progress in each area will be different.

The Commission did not address budgets and related matters of governance. We are convinced, however, that public, private and nonprofit organizations throughout the South can devise pragmatic implementation and funding plans. Toward that end, the Commission expects that on completion of its report, the Commission, the Southern Governors' Association, and the Southern Growth Policies Board and other regional organizations will form task forces to address funding and governance issues.

Bold improvements come from bold thinking and action. We have proven in the past that we can overcome serious problems with the imagination to think in new ways and the discipline to translate our ideas into action. We start our journey where the soul of the South resides: in our communities.

Chapter 2

Building Vibrant, Secure Communities



Commissioner Betty Siegel tells a story of taking a tour in a California sequoia forest. The guide explained that while these trees grow to a height of over three hundred feet, they have very shallow roots. "The secret of how a sequoia stands tall is that just under the earth, it reaches out its roots to another sequoia," the guide said. "You will never see a solitary sequoia in a forest."

Commissioner Siegel's story captures the essence of the future that we envision—everyone will grow a little taller, if we reach out to each other. From teenage pregnancy to outmoded transportation systems, societal problems have become so complex that they fall beyond the scope of any one organization to address. If we are to prosper, we have no alternative but to address these together.

In the years ahead, prosperity, jobs and investment will flow to communities that are able to revitalize themselves. Tupelo, Mississippi; Chattanooga, Tennessee; Blacksburg, Virginia; Charleston, South Carolina—these and scores of other communities show us that through civic involvement, we can build a life that is the envy of the nation.

As Southerners, we are proud of our cultural traditions, our faith, our values, and our neighborhoods. We are proud of our families, our work ethic, and our philanthropy. These common bonds give us a strong foundation upon which to build for the future.

Healthy Communities: Our Unfinished Agenda

While our national and state governments can offer guidance, many of the challenges we face in the South must be addressed at the community level. For example, some years ago, we started school reform by setting higher standards at the state level. We have since discovered that authentic school reform springs from the commitment of an entire community. Quality schools represent an obligation which stretches from all the adults in a community to all its children.

The same holds true when we look at the health and education of our preschoolers.[2] When people set aside turf

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[2] Lisbeth B. Schorr, *Common Purpose: Strengthening Families and Neighborhoods to Rebuild America* (1997).

> ***The road to the future is plagued with the problems of the past. Unless we address those problems head on, there will be no moving on.***
>
> *Commissioner Bob Reintsema*
> *West Virginia*

battles, they find new ways to increase immunizations, expand prenatal care, and provide quality, affordable child care centers.

As the Commission surveyed the exciting innovations in communities across the South, we reached a simple conclusion: a community is not a place; a community is what is taking place, the activities we share. We can build our communities in a number of important ways.

Conducting civic dialogues on race and diversity. Despite our efforts to downplay it, race continues to be a distinction to the citizens of this country and probably always will be. Good or bad, racial heritage provides people with a frame of reference and a form of identity. In the years ahead, the South will become even more racially diverse.[1] Thousands of immigrants from dozens of countries have come to the South seeking economic opportunity. Some are executives of multinational corporations; others have started their own businesses; others are filling the ranks of construction and landscape crews.

This immigration can enrich the cultural and economic life of the South. It can enhance our opportunities for international commerce and increase our understanding and appreciation of diverse cultural traditions. However, if we attempt to isolate ourselves as we have in the past, we will increase the possibilities of misunderstanding and conflict.

Civic dialogues are one way of bringing people from diverse backgrounds together. Participants in civic dialogues are instructed to reach out and capture different viewpoints. They learn how hidden values and intentions can control our behavior, and how unnoticed cultural differences can clash without our realizing it. At their conclusion, these civic dialogues often lead to constructive public action and an increased sense of harmony and fellowship.

As Commissioner IsaiahTidwell has told the Commission, "We must learn to live together, or we are destined to endure the misery of the consequences."

Confronting the consequences of drug and alcohol abuse. Illegal drugs rot the most valuable resource we have—our intelligence. Trace the most destructive behavior in our communities to its roots and you will invariably find the abuse of drugs and alcohol. According to a three year study by Columbia University, drug and alcohol abuse and addiction are implicated in the incarceration of 80 percent of the men and women behind bars today.[2] And the problem is growing worse.

After declining through the 1980s, drug use by young people is on the rise. The percentage of high school seniors who reported using marijuana rose from 27 to 39 percent since the last Commission reported in 1992. Cocaine and alcohol use are also up.[3] Another scourge, methamphetamines, is rapidly gaining ground in our region. If we fail to confront squarely the serious consequences of this destructive behavior, our other efforts to improve our schools, our communities, and our economy will founder.

Many leading communities start with a local surveillance network. The primary purpose of this network is to share timely and reliable information about drug abuse. What types of drugs are being used? Who is using them? How are the patterns of use shifting?

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[1] A report from MDC, Inc., finds: 1) The historically black/white, mostly Protestant, and native-born South is fast becoming a multiethnic society; 2) After a century of black out-migration, African Americans are now headed South from every corner of the United States, and they are joined by millions of other newcomers from this country and from abroad; and 3) A region once distinguished by small towns and farms, the South is now far more urban and especially suburban than rural. See MDC, Inc., *The State of the South 1998* (September 1998).

[2] The National Center on Addiction and Substance Abuse, Columbia University, "Behind Bars: Substance Abuse and America's Prison Population" (1998).

[3] National Center on Education Statistics, *The Condition of Education* (1998).

Drug abuse patterns are complex and constantly changing. Like a disease, they can quickly spread through and across communities. Drug use patterns emerge not only from the availability and cost of different illegal drugs, but also from the social dynamics of different groups, cultures, and communities. By identifying a pattern early, community leaders can take appropriate action to control its spread. By monitoring drug abuse over time, they can also evaluate whether programs are having any impact on particular aspects of drug abuse problems.

Conducting collaborative planning and assessing the fiscal consequences of development decisions. With rapid growth occurring throughout the South, our communities are constantly faced with difficult decisions concerning new developments and the provision of water and sewer systems, schools, roads and public safety. Community leaders must balance short term gains and losses against long term returns and consequences. These decisions affect the quality of life in each community for years to come.

Communities are not unlike businesses: they must compete aggressively to attract investment. Unfortunately, this mindset often causes community leaders to approve major projects without first considering the alternatives. The results can be both chaotic and serious. Public trust erodes, and public consensus becomes more difficult to find.

In successful communities, we see leaders focused on the long-term fiscal consequences of development decisions. How will construction of a bypass change the need for water and sewer systems? How can we use the construction of a library to support downtown development and reduce the erosion of our tax base?

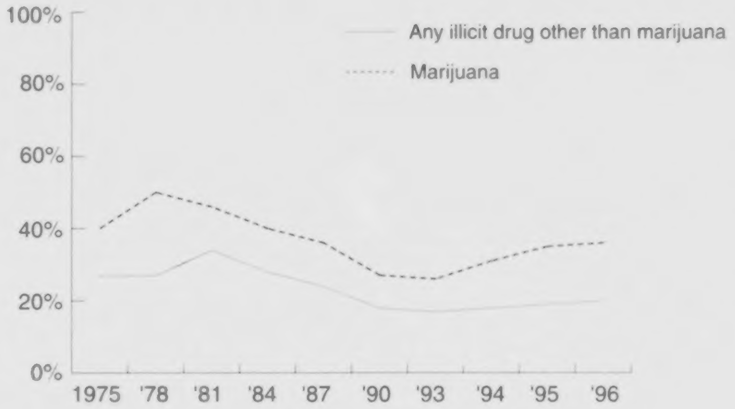
Successful communities also involve the public in the decision-making process. As David Mathews, president of the Kettering Foundation told us, leaders in successful communities are not gatekeepers; they are "door openers."

The leadership of virtually every community across the South aspires to build something better. As we formulate our plans, we should ask ourselves: Are we listening to enough people? Are we focusing on the right questions?

Supporting the arts and arts education. There is strong evidence to support the claim that arts and arts education builds healthy communities.

- Investments in the arts can boost local economies through a variety of means. Most dollars spent on the arts are spent locally.
- Arts projects also generate tourism, often the quickest way to boost a local economy. For example, the Mississippi Delta Blues Festival annually generates some $2 million in economic activity for Greenville, Mississippi, a community of 48,000. The Storytelling Festival is a source of pride and income for

Percentage of high school seniors who reported using drugs at any time



Source: National Center for Educational Statistics. *The Condition of Education*, 1998

See National Institute on Drug Abuse, *Assessing Drug Abuse Within and Across Communities* (April 1998).

On the consequences of urban sprawl on communities, see Richard Moe and Carter Wilkie, *Changing Places: Rebuilding Community in the Age of Sprawl* (1997); David Rusk, *Cities Without Suburbs* (1995); and Myron Orfield, *Metro Politics: A Regional Agenda for Community and Stability* (1997).

Jonesborough, Tennessee, as the Red River Revel Arts Festival is for Shreveport, Louisiana. In some cases, these art projects have led to new private sector investment, especially in downtown areas.[8] Congaree Vista in Columbia, South Carolina and Miami's South Beach are good examples.

- Arts events give us the opportunity to explore the cultural traditions of our increasingly diverse population. They help us understand and bridge our differences.
- Art develops our visual skills. In primary and secondary schools, art education will become increasingly important as we move into new forms of visual computer communications.
- Computers rely on visual art forms—everything from web pages to graphs—to display information. Art education can train us to interpret this information.
- The arts are a resource in our efforts to reduce juvenile drug abuse and crime. By improving communications skills, providing creative outlets for self-expression, and engaging young people in productive experiences, the arts can help reduce juvenile drug use and criminal behavior. They can also assist in the rehabilitation of young people already trapped in a cycle of damaging behavior.

Despite these compelling reasons, most Southern states are investing below the national average in the arts.[9]

Developing arts and tourism projects. Tourism and arts projects are effective ways to improve a community's quality of life. Scenic trails, bikepaths, festivals, and museums create immediate economic impacts by attracting visitors. As a community leaders develop and promote these attractions, they also make their community more attractive as a location for companies.

In the South, we are justifiably proud of our rich community traditions. We can continue to build on these traditions and strengthen our communities through tourism and the arts.

Promoting accessible health care and the disciplines of wellness. Health care represents a huge "social overhead" that must be paid either directly through insurance premiums and co-payments or indirectly through taxes. Every dollar spent treating an illness is a dollar not spent on education and other needed activities. Healthy people are a key to a healthy economy.

We as a nation invest more in health care than any other country in the world, yet we do not produce the healthiest people in the world. We pay more attention to the health of our elderly than we do to the health of young children, despite clear evidence that investments in early care—immunizations or prenatal care, for example—drastically reduce long-run costs.[10] We concentrate our spending more on expensive diagnostics and treatments and less on inexpensive, routine prevention. Finally, despite our heavy investments in health care, many people across the South still do not have access to the appropriate care, or they cannot afford it.[11]

As a region, we can do better. We are the center of health care innovation in this country. We have the professional expertise, the management talent, and the venture capital needed to introduce major new innovations for building healthier communities.

Telemedicine is a solid place to focus our energies. By transmitting medical information through communications networks, telemedicine allows health care professionals to diagnose and sometimes to treat patients in remote areas. Across the South, a wide range of telemedicine projects are underway involving disciplines such as pathology, psychiatry, and radiology:

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[8] Americans for the Arts (formerly National Assembly of Local Arts Agencies), *Arts in the Local Economy* (1994). See also National Conference of State Legislatures, *Economic Impact of the Arts: A Sourcebook* (1994).

[9] According to data compiled by the National Association of State Arts Agencies, only four Southern states—Florida, Missouri, Puerto Rico, and West Virginia—exceed the national average in per capita investments to state arts agencies.

[10] In 1996, health care expenditures for people age 65 and over were seven times higher than for young people age zero to 17. Center for Cost and Financing Studies, Agency for Health Care Policy and Research, "Trends in Personal Health Care Expenditures, Health Insurance, and Payment Sources, Community-based Population, 1996-2005," Table 8, (December 1997).

[11] U.S. Department of Commerce, Bureau of the Census, Table A-11, "Physicians, Nurses, Health Insurance and AIDS," *State and Metropolitan Data Book 1997-1998* (1998).

- Telemedicine is bringing a new level of psychiatric care to patients scattered among the hills and hamlets of western Virginia. Without it, many would have to make a perilous drive through the mountains to the state hospital at Southwestern Virginia Mental Health Institute in Marion, Virginia.
- Telemedicine brings the resources of the West Virginia University School of Medicine in Morgantown to rural hospitals throughout the state. With videoconferencing, specialists in WVU's Department of Neurology have diagnosed illnesses beyond the experience of general practitioners in outlying clinics.
- In Georgia, a cable television health care program helps cut health care costs by serving as a type of "electronic house call," both in rural communities and under-served urban neighborhoods. In some instances, at-home monitoring can delay an older person's entry into a nursing home, resulting in improved quality of life, as well as significant cost savings.
- Doctors in the Baptist Health Systems of South Florida routinely interpret the MRIs of patients in the Cayman Islands—the images are moved over the Internet.
- At the Medical Center of the University of Alabama at Birmingham, a doctor can assist colleagues elsewhere by assessing tissue samples as they are removed from patients. The UAB doctor actually moves and controls the microscope being used in the surgery. This is an emerging telemedicine specialty—telepathology.
- East Carolina University Medical Center in Greenville is one of 13 U.S. medical centers involved in some form of international telemedicine.[12]

Telemedicine clearly has the potential to transform our medical marketplace. Too few of our projects cross state boundaries, because of the various restrictions that each state imposes. These restrictions, while logical within each state, create a confusing patchwork of regional regulation. The issues involved range from medical malpractice rules to electronic privacy standards for medical records.

In the West, the governors have been working on regional telemedicine projects for a number of years. If we choose, the South can quickly catch up and lead the development of this new industry, much as we did with interstate banking.[13]

Promoting effective civic leadership and civic education. No task is more pressing than building personal integrity and renewing our commitments to civic life. Civic education teaches the responsibilities each of us holds as a citizen in a civil society. These responsibilities represent traits of character and action which are largely unenforceable, but which are vital to the common good in any community. Civic education also includes the knowledge and skills, such as conflict resolution, that we all need to work with one another.

The National Commission on Civic Renewal proposes that every state require all students to demonstrate mastery of basic civic knowledge and skills as a condition of graduation. We agree. While our Commission does not offer concrete formulas, we do believe that we need far greater emphasis on civic and character education.[14]

Building electronic networks. Commissioner Michael Hooker has written,

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[12] Polly Schneider, "Toward a Global Medical Village," *Healthcare Informatics* (November 1997).

[13] Hezel Associates, *Telemedicine: The State-by-State Analysis, 1997-1998* (1997); Council on Competitiveness, "Highway to Health: Transforming U.S. Health Care in the Information Age" (1996). For additional information on telemedicine, see Southern Growth Policies Board, "Proceedings from the Southern Regional Workshop on Information Technology and Communications in Health Care" (August, 1997); Western Governors Association, "Telemedicine Action Report" (1995) and "Health-Care On-Ramps: A Road Map to Western States' Information Highways" (1998); and Paul M. Orbuch, "The Western States' Effort to Address Telemedicine Policy Barriers," *North Dakota Law Review*, vol. 73, no. 1 (November 1, 1997).

[14] National Commission on Civic Renewal, Final Report, *A Nation of Spectators: How Civic Disengagement Weakens America and What We Can Do About It* (June 1998). See also the Partnering Initiative on Education and Civil Society in which more than 40 leading education associations have formulated a seven point program to integrate civil education into the heart of the American school. See www.aacc.nche.edu. and Peter Applebome, "Plan Adds 'Civil Education' to the Basics of Schooling," *New York Times*, April 17, 1997.

The challenge for the South will be to develop leaders who can create a clear vision of this exciting time...

By using creatively the resources already available to it, the South should be the place where its citizens experience one of the most constructive and rewarding eras in its rich history.

Commissioner Donald W. Zacharias
Mississippi

> As the millennium approaches, it is clear that knowledge will fuel prosperity and that those who can manage knowledge will enjoy considerable advantage over those who cannot.... What will count more than anything is the way that an economy develops and deploys its brainpower.[15]

Today, managing knowledge requires an understanding of electronic information networks. These networks, particularly the Internet, provide people with instantaneous access to limitless information. Electronic information networks are forming the basis of a new economy—the Networked Economy. The South's leaders need to learn about this new technology and the implications it holds for society.

Southern leaders should visit schools to see how new technologies are changing the classroom. We should visit medical centers and health clinics where telemedicine is a routine part of diagnosis. We should see how health-care workers in rural areas learn the latest techniques through distance learning networks connected to major medical centers.

We should also find out how universities are using the Internet to create virtual campuses. At every college and university, we can find people who understand this technology, both in practical applications at the university and in the new economy it is shaping. As we learn more about how these tools are being used, we can more easily envision how they might be turned to our advantage.

The Internet can even serve as a vehicle to increase our sense of community. It can enable us to communicate more readily with our families, neighborhoods, and associations. It can lead us to find the common ground of shared ideals and innovative solutions to our common challenges. Renewing our commitments to civic life in this way will become a key element of our future prosperity.

Our First Goal: Build Vibrant, Secure Communities

We have no simple approach for preparing our communities for the Networked Economy, but we know that public officials must build trust by acting with integrity and by doing the public's business openly, efficiently, and effectively.

We also know it is important to combat the widespread and growing problem of public apathy—the disengagement of people from the organizations that shape their community. We share the conclusions of the National Commission on Civic Renewal:

> Too many of us have become passive and disengaged. Too many of us lack confidence in our capacity to make basic moral and civic judgments, to join with our neighbors to do the work of community, to make a difference. Never have there been so many opportunities for participation, yet rarely have we felt so powerless.... But too many of us blame others for civic ills that we have helped cause, and that only we can cure.[16]

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[15] Michael Hooker, "The Transformation of Higher Education," in Diana G. Oblinger and Sean C. Rush, *The Learning Revolution* (1997).

[16] National Commission on Civic Renewal, Final Report, *A Nation of Spectators: How Civic Disengagement Weakens America and What We Can Do About It* (June 1998).

To achieve the goal of vibrant, secure communities, we must share different responsibilities. In some activities, we can work together as a region. Other tasks fall to the leadership of each state. With still others, we must look to local leaders within each community.

> ***Our success in the South will depend upon our ability to educate our children, communicate with ourselves and others, and preserve the lovely surroundings in which we dwell.***
>
> Commissioner Rebecca Cook
> Missouri

What we can do with regional partnerships:

- ***Establish a Southern Leadership Network to support the region's community leadership programs and encourage networking and collaboration.***

Across the South, we have a wide range of leadership programs. While many keep track of their alumni, many others do not. Many work successfully to build contacts within their state, but few stretch across the region.

We believe that the South needs a regional leadership network to continue preparing tomorrow's leaders. This network would bring together current participants and alumni from all of our region's leadership programs, and create a forum so that we can learn from each other. Connecting Southern leaders electronically will help everyone share ideas about different approaches to build communities.

- ***Establish and use practical benchmarks for our quality of life.***

Some years ago, leading companies began using benchmarks as a tool for continuous improvement. Benchmarks give us a a point of reference to improve our results. They help us focus on what we are currently doing and how others might be doing the same tasks more effectively. They define expectations and establish accountability. While they do not ensure better results, they keep us focused on achieving them.

A number of states and communities have developed expertise in using benchmarks. We can expand this expertise throughout the South by encouraging training and informal networks.[17]

- ***Eliminate all substantial barriers to interstate telemedicine.***

Building a telemedicine industry around the South will require regional cooperation, similar to what was done with interstate banking. We must coordinate a wide range of state rules involving liability, licensing, and patient confidentiality. By removing barriers such as prohibitions against practicing medicine across state lines, we can improve access to quality health care in inner cities and rural areas.[18]

- ***Convene a Southern Health Care Summit to focus regional resources on preventative health care.***

The already high social overhead of health care is about to get a lot heavier. Government economists predict sharp increases in medical costs over the next decade. Total spending will likely double by 2007, growing from 13.4 percent of our nation's economy last year to 16.6 percent.

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[17] The Southern Growth Policies Board and the Southern Consortium of University Public Service Organizations developed a training program to guide state and local leaders in strategic planning, benchmarking, and performance measurement. See the *Results-Oriented Government* program at www.southern.org. Jacksonville, Florida, conducts the oldest community indicators project in the country, and it has become a national model.

[18] See Hezel Associates, *Telemedicine: The State-by-State Analysis, 1997-1998* (1997).

> *Not only is fiscal impact analysis a key to better growth management, it is also a key to the more efficient use of taxpayer dollars.*
>
> Commissioner Charles Clarkson
> Florida

These increases pose tough questions about how health care budgets should be managed: who should get what kind of care?[19] What can we do about the growing gap of health care insurance coverage? In some parts of the South, we have relatively high rates of people who are not covered by insurance, and the percentage of uninsured is increasing.[20]

A recent report by the National Academy of Sciences puts the matter squarely in front of us:

> Continued efforts to limit the growth of health care spending are essential if we are to meet other socially important needs, for example, in education, housing, transportation, and economic development. Trying to balance cost-cutting initiatives with efforts to maintain and improve the quality and availability of care is a major challenge and requires good information for policy makers, patients, consumers, and others to use in judging whether we are on the right course.[21]

A health care summit will help us identify issues of common concern and explore how we as a region can use our remarkable resources to build the most efficient, comprehensive, and highest quality health care system in the world.

What partnerships in each state can do

- ***Encourage joint community-building projects among economic development agencies, art agencies, tourism agencies, and cultural and civic organizations.***

State agencies can help local governments identify, finance, and implement a host of community-building projects. The Alliance for Civic Renewal provides good examples to follow. The Alliance is a national initiative of the National Civic League involving more than 180 community-building organizations in addressing the serious issues facing America and its communities.[22]

- ***Help local governments establish a process to conduct fiscal impact analyses to measure the financial costs and benefits of public projects, new development, and other community decisions.***

Local development decisions carry major long run impacts on a local government's capital and operating budgets.[23] States can help localities evaluate these impacts by making computer-mapping and financial models easy to use and readily available. States may also need to modernize their planning statutes to provide communities with more flexible procedures for local planning and to encourage regional cooperation. Most planning statutes descend from two model acts drafted in the 1920s by the U.S. Department of Commerce. These statutes provide the framework within which local development decisions are made. Invariably, these decisions are made more difficult with ill-fitting statutes.

States should promote local land-use planning and efficient capital budgeting. Florida requires all local governments to prepare and update land-use plans and could provide guidance for other states.[24]

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[19] Robert Pear, "Sharp Rise Predicted in Health-Care Spending in Next Decade," *New York Times* (September 15, 1998).

[20] U.S. Department of Commerce, Bureau of the Census, Table A-11, "Physicians, Nurses, Health Insurance and AIDS," *State and Metropolitan Data Book 1997-1998* (1998). See also, "Government Lags in Steps to Widen Health Coverage," *New York Times*, (August 9, 1998).

[21] The National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, and the National Research Council, *Preparing for the 21st Century: Focusing on Quality in a Changing Health Care System* (1997). The report is available at http://www2.nas.edu/21st.

[22] The Alliance for National Renewal is available at www.ncl.org/anr. See also Lisbeth B. Schorr, *Common Purpose: Strengthening Families and Neighborhoods to Rebuild America* (1997).

[23] See Robert Burchell, "Rival Trends Cost Analysis: The Literature of Cost Savings Associated with Compact Growth," Center for Urban Policy Research, Rutgers (January 14, 1998).

- ***Upgrade civic education, character education, responsibility training, and conflict resolution curricula in primary and secondary schools.***

We should start by reviewing the findings and recommendations of the Final Report of The National Commission on Civic Renewal. The National Commission is advancing civic renewal by supporting a task force, the Civic Education Project.

The Project will work with existing groups to assess the status of civic education in each state. The Project will promote rigorous civic curricula and graduation requirements. It will also work with national and regional newspaper publishers to ensure that quality newspapers—an important building block in civic education—are regularly made available to every middle and high school student.[25] Over the next six years, every state in our region should be working to evaluate and upgrade its civic education graduation standards.

- ***Encourage colleges and universities to adopt service-learning programs for students and faculty.***

Service-learning is an exciting new approach to building citizenship and awareness, along with solving some of our persistent societal problems. Service-learning promotes the concept that volunteers learn as much from helping others as they provide in assistance. It adds a reflective element to community service by incorporating it into an academic course of study. For example, students might work in a local soup kitchen to add perspective to a course on political science or economics.

Our colleges and universities stand in a unique position to build youthful minds and to inspire in students an informed awareness of what it is to be a citizen of the world. This responsibility is not optional: it goes to the core of higher education's role in our society.[26]

Service-learning works. These programs help students define their location in the world, and they build citizens with a new understanding of the common good. More important, they help students break down the stereotypes which so often infect our thinking. In recent years, higher education's role in citizen development has become more prominent. This trend shows in the growth of organizations such as Campus Compact and Campus Outreach Opportunity League.[27]

Kennesaw State University recently celebrated its 35th anniversary with the theme "The Year of Honoring Service." Commissioner Betty Siegel, President of KSU, is leading the university to concentrate on service-learning. Commissioner Siegel reminds us that service is responsible citizenship and that through service-learning, every college and university can offer a gift of information, knowledge and expertise to help solve society's problems.

In this way, we can meet some of the most daunting challenges facing the South. Business students can help managers of child care centers improve their skills. Sociology students can participate in a community's adult literacy programs. Nursing students can visit elderly shut-ins by working in a Meals-on-Wheels program. All of these steps, each small, will broaden our experience with cultural diversity, make us better citizens and strengthen our communities.

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[24] American Planning Association, *Modernizing State Planning Statutes: The Growing Smart Working Papers* (1996).

[25] National Commission on Civic Renewal, Final Report, *A Nation of Spectators: How Civic Disengagement Weakens America and What We Can Do About It* (June 1998).

[26] Remarks of Trinity College President Evan S. Dobelle, "State of the Cities The Urban Recovery: Real or Imagined," A Brookings National Issues Forum, Brookings Institution (June 8, 1998). Dobelle argues hard for a strong connection between higher education and the broader community: "True stewardship of the liberal arts tradition requires us to go beyond the simple engagement of ideas and to set knowledge at the service of humanity. It is not enough simply to find truth; we must use truth to improve the human condition. Such has been the standard of citizenship since the time of the Greeks, and such must be our mandate in the century that awaits us. We must send our students forth to apply the lessons they have learned to the service of their world."

[27] Robert A. Rhoads, "In the Service of Citizenship: A Study of Student Involvement in Community Service," *Journal of Higher Education* (May-June, 1998).

> ***For the 21st Century, we must stimulate confidence and value in people's lives. We must build self-esteem, while emphasizing the importance of personal responsibility.***
>
> Commissioner Isaiah Tidwell
> North Carolina

What partnerships in each community can do

- ***Work with faith-based institutions and other community-based organizations to launch new, continuous dialogues on racial and cultural diversity.***

For the South to move forward, we need to develop new initiatives to bridge the natural boundaries of culture and race. Community dialogues represent the first step. They are non-confrontational community discussions which explore difficult social and policy issues.[28] If they are well-designed, they can lead to practical projects to build stronger ties among people of different cultures and life experiences.[29]

Communities across the South are following this path. Citizens in Brevard County, Florida created a multi-cultural center to sponsor public discussions on the value of racial and cultural diversity. A Student Unity Task Force in Columbia, South Carolina teaches cross-cultural communication and leadership skills. North Carolina's Teach and Reach program trains college students to facilitate discussions on race in the state's secondary schools. Just Solutions Community Mediation Service in Louisville makes mediation and conflict resolution services available to citizens in that city. Camp Friendship in Memphis provides an opportunity for American and refugee children to understand and respect their cultural differences.

- ***Adopt procedures to assess the fiscal impact of local development decisions.***

Any community can improve its long-term management by adopting fiscal impact analysis, computer mapping, and community-wide plans to assess the long term impact of different development decisions. Residential, commercial and industrial growth all increase tax revenues, but different patterns of growth impose different costs, as well.

In general, land developed at higher densities and closer to existing development and infrastructure can provide significant cost savings over traditional sprawl-type development.[30] If we want to preserve open space, manage long term local taxes, and increase property values in our Southern communities, we need to look closely at how we manage our development. Personal computers and software now enable communities to evaluate the costs of different development patterns for themselves.[31]

- ***Establish a community information network similar to the Blacksburg Electronic Village.***

Communities across the South are building community information networks. The Blacksburg Electronic Village (BEV) in Blacksburg, Virginia is one of the leading community information networks in the country.[32]

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[28] The Kettering Foundation, through its National Issues Forum program, has been active in promoting the processes of dialogue and communication in communities across the country. See www.kettering.org.

[29] For a practical guide on starting a community dialogue, see *One America in the 21st Century, One America Dialogue Guide: Conducting a Discussion on Race* (March 1998). This guide is available at the web site www.whitehouse.gov/Initiatives/OneAmerica.

[30] Robert W. Burchell and David Litokin, "Land, Infrastructure, Housing Costs and Fiscal Impacts Associated with Growth: The Literature on the Impacts of Sprawl versus Managed Growth," Lincoln Institute of Land Policy, Working Paper (1995). See also Arthur C. Nelson and James B. Duncan, *Growth Management Principles and Practices* (1998). Nelson and Duncan explore the benefits and pitfalls of growth management practices.

[31] Resources on fiscal impact analysis are available on the Smart Growth web site at www.smartgrowth.org.

[32] The Blacksburg Electronic Village is located at www.bev.net.

Since BEV was started in 1993, senior citizens have been able to keep up with each other through electronic mail. More than two-thirds of Blacksburg's businesses are using the Internet and are seeing their businesses expand worldwide. School children are conducting videoconferences with students in foreign countries. Parents are keeping up with classroom activities on school web pages, and citizens are communicating directly with their county supervisors on a variety of issues. BEV includes a section on its web site, "Starting a Village," which outlines the steps communities should take to start their own community network. Across the South, other community networks are building a following. Columbia On-line Information Network, sponsored by Columbia, Missouri and its partners, has perhaps the most extensive listing of these networks available on the Internet.[33]

The Message for Building Vibrant, Secure Communities

- The strength of our individual communities will determine our collective prosperity, quality of life, and ability to meet the challenges of global competition. One effective way to build our communities is by developing tourism and arts projects.
- Market forces will reward those who are prepared to participate in the Networked Economy and penalize those who are not. Along with the opportunity for collective advancement, we face a serious risk of a growing gap between the "haves" and the "have-nots". Unless we are careful, these forces will pull our communities apart.
- Our legacy of racial separation combined with a growing cultural diversity in the South pose another challenge: We need new ways to communicate across cultural boundaries. As Commissioner Isaiah Tidwell notes, "We must learn to live together, or we are destined to endure the misery of the consequences".
- Leaders in the region, our states, and our localities share important responsibilities for building communities and strengthening our civic life. Too many of us are blaming civic ills on problems we have caused through our own inaction. Citizenship, especially in these times, demands personal integrity and consistent commitments to action.
- By looking across the South, we can find innovative communities and committed civic entrepreneurs marking the road ahead. We need simply to follow their lead.

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[33] Columbia On-line Information Network is located at www.coin.missouri.edu.

Chapter 3

Building Healthy Environments For Our Children

To explore the connection between early childhood education and our economic prosperity, we should begin with a story:

A city was once faced with the horrible prospect of losing 30 percent of its children to typhoid and other diseases resulting from contaminated drinking water. The city council, assisted by funds from the state, allocated millions of dollars to the typhoid victims. Despite this aid, some children died, and many were permanently disabled.

One day, an engineer proposed to the city council that they invest in a water treatment plant. "Ridiculous!" fumed the mayor. "We can't afford it." The engineer pointed out that they were already spending millions of dollars for treatment of a preventable disease. "But if we bought a water treatment plant," the mayor responded, "how could we afford to treat the children who have the disease?" "Besides," added a member of the city council, "most of our children don't get this disease. The money we spend now goes exactly to those who need it."

This story, told by Robert Slavin of The Johns Hopkins University, represents the short-term thinking that prevails in much of society and illustrates an important point about early childhood development.

We know how to prevent a common childhood ailment—early school failure—but we fail to invest adequately in the cure. Instead, we invest millions in remedial programs, which often come too late in a child's life to make a difference. Invariably, school failure leads to long-term consequences of lower economic growth, higher crime, more social welfare, and a continuous cycle of poverty.

Consider, for a moment, what we know:

- *Early experiences, starting before birth, play a powerful role in shaping our brain's capacity to think.*

New research on brain development has uncovered some powerful facts about how each of us learn and grow. Far from being wired at birth, our brain is continuously forming new connections. Each brain uses the outside world to shape itself. The process starts during fetal development when billions of brain cells are formed in the early stages of life. After birth, trillions of connections form the brain's "maps." With these connections we develop from birth to age three our powers of vision, language, muscle control, and reasoning.

From age four to 10, new learning continuously reorganizes and reinforces the connections among our brain cells.

Significant new research shows that proper nurturing from birth is critical to a child's brain development....

We Southern leaders need to rethink the area of early childhood development and child care. It's strategic. It warrants new emphasis.

Commissioner Ron Geoghegan
Kentucky

After age 10, our brain continues to develop, although at a slower pace.

In sum, the brain is the ultimate "use it or lose it" machine.[14] It never stops changing from conception to death. Based on this research, scientists deliver a strong economic development message: workforce development begins with pregnancy.

- *Prenatal care plays a key role in the development of healthy children and is our best defense against low birth weight babies.*

Low birthweight babies often require extensive medical attention early in life and are vulnerable to a variety of physical, emotional, and intellectual problems. They require more medical care in their first year and have higher levels of care throughout early childhood.

Low birthweight babies have a higher risk of chronic health problems, including cerebral palsy, deafness, blindness, epilepsy, chronic lung disease, learning disabilities and attention deficit disorder. They are more likely to repeat a grade in school, and they are about 50 percent more likely to be enrolled in special education classes.[15]

- *We can significantly reduce the risks of early childhood failure by giving infants stimulating experiences and by training parents in basic child development skills.*

Here is how Dr. James Comer, Director of the Yale Child Study Center, explains it:

> For a student to arrive on the school's doorstep adequately prepared to learn and behave well at five years of age, the caretakers (usually parents) and others in the child's environment should have stimulated early development along important development lines—speech and language, thinking, emotional, social and moral—and have taught and modeled behavior in ways that were helpful and rewarding.... Children who have difficult or bland pre-school development experiences more often do not acquire the skills needed for school and success in later life.[16]

- *Preschool experiences for children create significant long-term improvements in behavior and attitudes towards school.*

Especially for children at risk of early school failure, preschool improves behaviors and attitudes. Preschool graduates have fewer referrals for remedial classes or special education. They are less likely to repeat grades. They have fewer failing grades, and they have a higher rate of high school graduation. They also have a lower incidence of teenage pregnancy, drug abuse, and delinquency.[17]

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[14] See Ronald Kotulak, *Inside the Brain: Revolutionary Discoveries of How the Mind Works* (1997).

[15] Council of Economic Advisers, "The First Years: Investments That Pay," (April, 1997).

[16] James Comer, *School Power* (1993), pp. 31-33. Comer has created and implemented successful school reform with his School Development Program. See www.info.med.yale. edu/comer. A number of schools in the South, including a number of schools in North Carolina; Berkeley County, South Carolina; New Orleans, Louisiana; and Norfolk, Virginia are following this approach to reform.

[17] Kathleen Cotton and Nancy Faires Conklin, "Research on Early Childhood Education," Northwest Regional Education Laboratory, School Improvement Program: School Improvement Research Series (September, 1997).

Quality preschool experiences can save money in lower costs for special education, public assistance and crime. The savings are in the order of $4.75 for every $1 spent on preschool.[38]

- *Research on birth-to-three programs, preschool and kindergarten demonstrates that, regardless of their family background, children can enter first grade with good language skills, cognitive skills, and attitudes.*

If children are to be reading by the time they leave the third grade, they must have undergone the appropriate brain development to give them the intellectual, psychological, and social skills they need to learn. A flexible, comprehensive, quality system of early childhood education and parent training can deliver every child across this threshold.[39]

- *At a time when we need to focus on early child development, three forces are working against us: the decline of two-parent families, the high proportion of mothers both who have infants and who must work, and persistent poverty.*

The proportion of two-parent families has dropped dramatically since 1969. Women with infants are more likely to be working. Across the South, about one quarter of our children grow up in poverty.[40] Approximately 59 percent of preschool children are in some type of non-parental arrangements on a regular basis.[41] All of these factors add up to one conclusion: just when we need them the most, parents are a lot less available to provide quality child care.

Healthy Environments for Our Children: Our Unfinished Agenda

In 1994, the Carnegie Corporation released *Starting Points: Meeting the Needs of Our Youngest Children.*[42] The report presented a call for action on behalf of our nation's youngest children. The agenda includes promoting responsible parenthood, guaranteeing good quality child care, and mobilizing communities in support of children. *Starting Points* outlines our unfinished agenda.

Mobilizing adults throughout our communities to support young children and their families. We need broad-based community coalitions to ensure that every family with a child under six is linked to a source of comprehensive health care, quality child care, and parenting support. Where possible, every child should be raised in an intact two-parent family. At the very least, each child needs the supervision of at least one caring and competent adult. We should commit ourselves to the task that no child should spend more than one year without a permanent home in a stable and loving family.[43]

Building comprehensive, practical systems of early childhood education. From birth to age 10 is a critical time in the development of a child. During this stage of life, a child's brain is developing rapidly. By the time children reach middle school, correcting problems in behavior and academic performance becomes far more difficult.

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[38] Council of Economic Advisers, "To Save One Dollar," (October 1995). See also Council of Economic Advisers, "The Economics of Child Care" (December 1997).

[39] Robert E. Slavin, et. al., "Preventing Early Childhood Failure: What Works?," Center for Research on Effective Schooling for Disadvantaged Students, The Johns Hopkins University (February, 1992).

[40] The proportion of married couples with children has declined from 41% of households in 1969 to 26% in 1996. See John McNeil, "Changes in Median Household Income: 1969 to 1996," U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census, Current Population Reports (July 1998). Since the late 1970s a growing proportion of mothers with children under six are working. In 1994, 62% of married mothers with a child under age six were in the workforce, compared with 30% in 1970. See Sandra L. Hofferth, "Child Care in the United States," *The Future of Children*, vol. 6, no. 2 (Summer/Fall 1996). State statistics on children in poverty are reported in "Map and Track: State Initiatives for Young Children and Families," National Center for Children in Poverty, Columbia School of Public Health (1997). Statistics are also available on the Kids Count web site maintained by the Annie E. Casey Foundation at www.aecf. org. See also, Kids Count Partners and the Annie E. Casey Foundation, *Ending the Southern Deficit: Designing a Future for the South's Children*, (March, 1997); Toby Douglas and Kimura Flores, "Federal and State Funding of Childrens Programs," The Urban Institute, Occasional Paper Number 5 (March, 1998); and Donald Hernandez, "Changing Demographics: Past and Future Demands for Early Childhood Programs," *The Future of Children*, vol. 5, no 3 (Winter, 1995).

[41] National Center for Education Statistics, "Characteristics of Children's Early Care and Education Programs: Data from the 1995 National Household Education Survey," Statistical Analysis Report (June 1998).

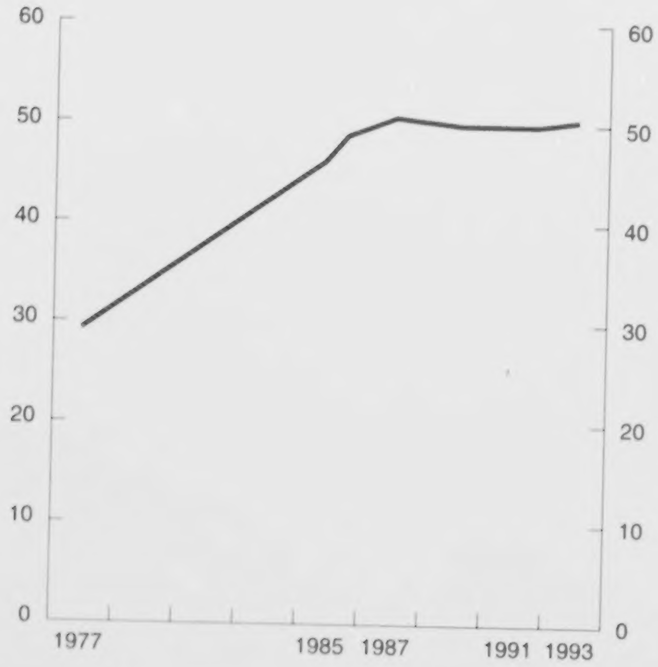
[42] The report is available at www.carnegie.org.

[43] These goals are set forth by the National Commission on Civic Renewal, and we support them. We believe a strong family life is both the critical element to our economic prosperity and the essential first element in a strong civil society.

Our best approach is to concentrate our educational efforts earlier in life. Positive school experiences at an early age smooth the path to success in later years. We need to focus our schools on developmentally appropriate pre-kindergarten and kindergarten instruction and assessment.

Creating incentives for high-quality child care centers and trained child care workers. With more parents working outside the home, the demand for quality child care remains high. Across the South, we have over 30,000 licensed child care centers. Our child care workforce is generally young and inexperienced. Under state law, we generally impose more education requirements on people who bury our grandparents than on people who take care of our children.

Percentage of children under five with mothers who work



Source: U.S. Bureau of the Census, *Who's Minding our Preschoolers?* (1994)

Staff turnover at most child care centers is high, and wages are low. Not surprisingly, a recent survey of state-regulated child care centers showed that 86 percent provided mediocre or poor quality care. Worse still, 12 percent were of such poor quality that the children's basic health and safety needs were only partially met.[44]

If we are serious about improving the lives of our children, we need to upgrade this critical profession. North Carolina has recently proposed a five-star rating system for day care centers that would reward owners for sending day care workers back to school, keeping child-to-worker ratios low, and avoiding citations. Other states should consider similar policies.

Promoting responsible parenthood and encouraging parents to become effective teachers. Parents are a child's first teachers. Yet, we are not born with parenting skills; if we are lucky, we learn them. Unfortunately, too many of our parents do not have the skills they need to raise their children. Parent education gives us a very practical step we can take to improve the chances of our young children as they enter school.

We need to pay close attention to the role of fathers in building strong families. Fathers can both provide economic security for their children and assist in their education. Yet, a growing number of fathers fail to fulfill these roles. Between 23 percent and 36 percent of our families are headed by women with no father present.[45] States encourage responsible fatherhood with a number of different initiatives. This approach makes sense. The latest research shows that even fathers who live outside the home can improve the educational prospects for their children.[46]

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[44] Council of Economic Advisers, "The Economics of Child Care" (December 1997).

[45] Jane Knitzer and Stanley Bernard, *Map and Track: State Initiatives to Encourage Responsible Fatherhood*, National Center for Children in Poverty, Columbia School of Public Health (1997).

[46] National Center for Education Statistics, "Nonresident Fathers Can Make a Difference in Children's School Performance" (June 1998).

Our Second Goal: Build Healthy Environments for Our Children

To provide secure, stimulating experiences for their young children, an increasing number of families must turn to people outside the family. How many families fall into this category? We are not certain, but the numbers are large. Depending on the statistic you use, between 25 percent and 55 percent of our young children and their families need some form of help from outside the family.[47]

Most communities, we suspect, are not organized well to help our families. Family services tend to be oriented to meeting crises, not preventing problems.[48] While family difficulties are often complex, we have designed family services which are more likely to be rigid and fragmented. Communication failures between public agencies and nonprofit organizations are not uncommon, even in the smallest communities. Young children are too often lost in the shuffle.

Working together, we can make existing services for young children and their families more accessible, higher quality, more affordable and more flexible. More important, we can devise new initiatives which focus on building a family's strengths, not simply repairing its weaknesses. Within each community, educational, health, public safety, and social service professionals can work together to overcome the handcuffs of jurisdictional boundaries, competition, and categorical funding.

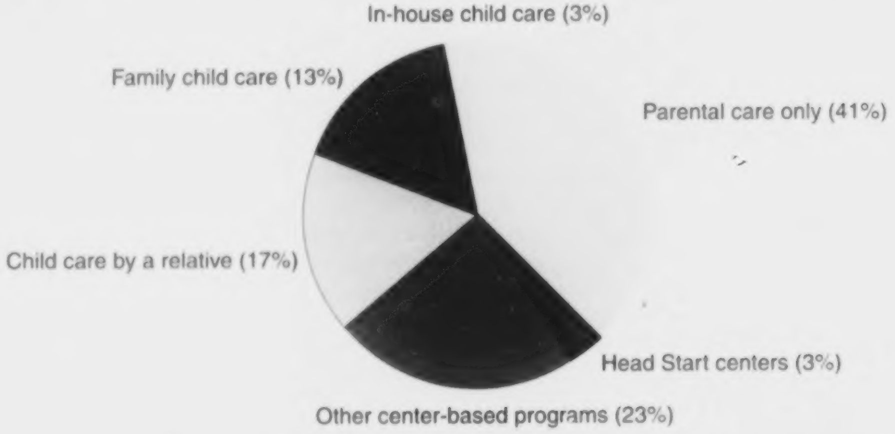
We can set and meet high expectations for ourselves: Every mother should receive prenatal care. Every infant should have safe, quality, affordable child care. Every child should come to school emotionally and intellectually prepared to learn. And no child should spend more than one year without a permanent home in a stable, loving family.

What we can do with regional partnerships:

- ***Establish and use practical benchmarks for young children and families.***

As noted, benchmarks are quantitative measures to compare performance from one organization to another and/or time period to another. For almost a generation, successful companies—Ford, Xerox, and others—have been following the practice of benchmarking to improve their performance. They use benchmarks to define, in precise terms, what makes the difference between an ordinary company and an excellent one.

Percentage distribution of preschool children under six years old according to type of primary care arrangement, 1995



Source: U.S. Department of Education, National Center for Educational Statistics, *National Household Education Survey,* 1995, Early Childhood Program Component.

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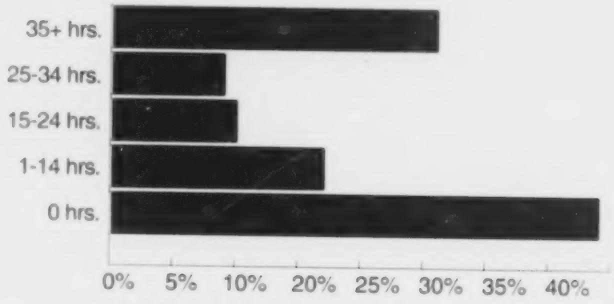
[47] The lower figure represents the approximate percentage of children under 6 growing up in poverty; the higher number reflects the percentage of mothers who both have young infants and who must work.

[48] Toby Douglas and Kimura Flores, "Federal and State Funding of Children's Programs," The Urban Institute, Occasional Paper Number 5 (March, 1998).

This is not measurement for measurement's sake. The real goal is to build a discipline of continuous improvement. By benchmarking on a continuous basis, the companies are always researching better ways of getting a job done.

Across the region, we need to establish the same discipline to measure our progress with young children and families. The Georgia Policy Council for Children and Families provides an excellent guide. They have developed a clear set of indicators for measuring improvement in Georgia's children and families.[39] The Annie E. Casey Foundation also published a valuable report in 1997 which looks at indicators in the South.[40] We need to compile and publish these benchmarks annually. More important, we need to distribute these benchmark reports widely to leaders throughout the South.

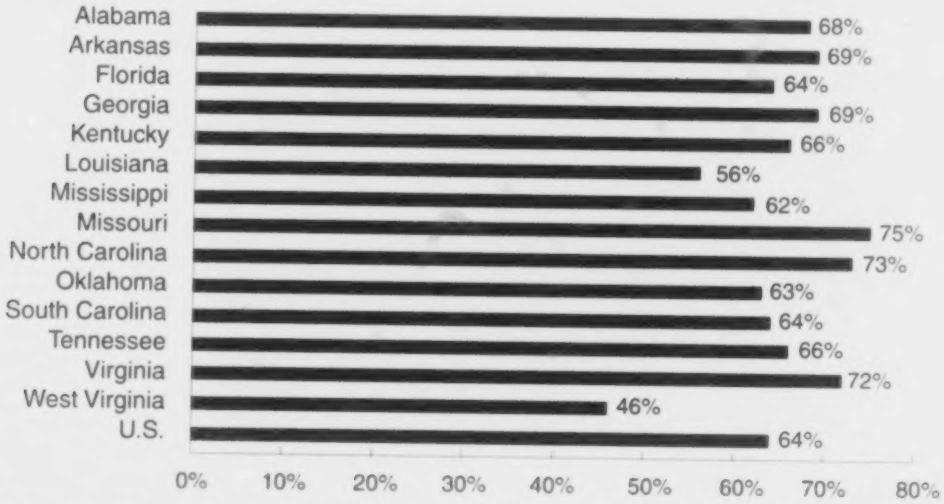
Percentage of children under six years old in non-parental care in the South, 1995, according to number of hours per week



Source: National Center for Eductional Statistics. *Characteristics of Children's Early Care and Education Programs* (June 1998).

These reports can become a central focus for a health care summit and the basis for sharing practical initiatives through our Southern Leadership Network.

Percentage of children under age six whose mother was working either part-time or full-time, by state



Source: National Center for Children in Poverty, *Map and Track: State Initiatives for Young Children and Families* (1997), Figure 3.5. Figures for Puerto Rico not available.
Note: Figures based on five year average, 1992-1996.

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[39] Georgia Policy Council for Children and Families, *Aiming for Results: A Guide to Georgia's Benchmarks for Children and Families* (1996).
[40] Kids Count Partners and the Annie E. Casey Foundation, *Ending the Southern Deficit: Designing a Future for the South's Children* (March, 1997).

- ***Select model approaches for the licensing of child care centers.***

We should also select and promote model approaches for licensing child care centers. Our existing statutes in this area are all over the map. A few states require center staff to have a high school diploma. Others simply require that the staff be literate. Most have no requirements at all. Some states require eight hours of annual training for center directors; others require 20 hours.[11] We should reach a consensus about what quality child care in the South really means. At a minimum, this should include educational requirements in basic child development for child care center staff.

Model legislation can establish minimum quality standards that any licensed child care center in the South should meet. In addition, the model legislation can allow us to create region-wide certification for child care workers.

What partnerships in each state can do

- ***Design a system for early childhood education, as we have done for other aspects of education.***

We need to devise state systems for early childhood education in the same way that we have structured systems and clear lines of responsibility for kindergarten through university education.

- ***Develop a comprehensive Starting Points strategy to improve the health and education of young children.***

This strategy should include educators, health care providers, corporate leaders, law enforcement officials, faith-based institutions, and as many others as we need to move forward aggressively.

We can make significant improvements in the health of children by launching in each state a Starting Points action agenda around four strategies:

1. **Promoting responsible parenthood;**
2. **Guaranteeing quality child care choices;**
3. **Ensuring good health and protection for our children; and**
4. **Mobilizing communities to support children and families.**

Some states—notably Georgia, Florida, West Virginia, North Carolina and Puerto Rico—are well along this path. They are implementing comprehensive approaches to child development in their states. To be prepared for the economy ahead, other states should quickly follow.

Indicators of the health of the South's children

	South	U.S
Percent of children living in poverty, 1995	25.9	21.1
Percent of children living with only one parent, 1995	31.2	27.0
Percent of low birth weight babies, 1993	8.4	6.9
Infant mortality rates per 1000 births, 1993	9.2	7.7
Child death rates per 100,000 children, 1993	33.8	28.6
Births to teens, per 1000 females age 16 to 19, 1995	43.6	36.2
High school dropouts, % age 15 to 17, 1995	11.2	8.6
Teens not attending school and not working, % age 16 to 19, 1995	11.8	8.9

Source Kentucky Youth Advocates and KIDS Count Partners, *Ending the Southern Deficit. Designing a Future for the South's Children* (March 1997), Appendix 2.

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[11] The Children's Foundation, *Child Care Licensing Study* (1998).

- ***Offer universal preschool for three- and four-year-olds.***

Preschool experiences are critical, especially for disadvantaged children. Listen to the words of a recent report by the National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, and the National Research Council:

> Children from all backgrounds are capable of achieving at high levels and should be encouraged and taught to do so. Yet many children, including many minority-group children, are plagued by inequities in their prospects for success.... The preschool years are a particularly important time for children whose cultural and educational backgrounds do not correspond with the norms and expectations that they will encounter when they start formal schooling. Because educational attainment is a cumulative process, practices and expectations that impede a child's progress during the preschool and early elementary-school years can be particularly detrimental.[52]

Early education settings can and should be designed to approach diversity as an asset that can be used to prepare all students for citizenship in an increasingly diverse society.

Designing a good preschool program takes time and care. Involving parents is critical. The Charlotte-Mecklenburg school system in North Carolina provides a good model to follow. Its pre-kindergarten program lasts six hours a day. Classrooms have 22 students, a certified teacher and a teacher assistant. While the program is optional, parental involvement is not. It is a requirement, and parents enter into a contractual agreement confirming their commitment. Each contract requires the parents to commit to, among other steps, regular attendance by the

State policies toward kindergarten

	Districts must offer full day programs	Student attendance required in full day	Districts must offer half day programs	Student attendance required in half day
Alabama	×	no		
Arkansas	×	yes		
Florida	×	yes		
Georgia	×	no		
Kentucky			×	no
Louisiana	×	no		
Mississippi	×	no		
Missouri			×	yes
North Carolina	×	no		
Oklahoma			×	yes
Puerto Rico	×	yes		
South Carolina			×	yes
Tennessee			×	yes
Virginia	×	yes		
West Virginia	×	yes		

Source: Council of Chief State School Officers, *Policies and Practices Survey* (1998).

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[52] The National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, and the National Research Council, *Preparing for the 21st Century: The Education Imperative* (1997). Available at http://www2/nas.edu/21st.

child, immunizations, and regular communication with their child's teacher.

> *Children are the living messages we send to a time we will not see.*
>
> *from Neil Postman,*
> *cited by*
> *Commissioner Betty Siegel*
> *Georgia*

- ***Require full-day, every-day kindergarten.***

Throughout the South, we should lower the compulsory school attendance age to five years and require children to attend full-day kindergarten before they enter first grade. Research confirms that attendance in full-day kindergarten results in academic and social benefits for students in the primary grades.[33] This approach represents an important step to a comprehensive, restructured system of early childhood education.

- ***Adopt model legislation for the licensing of child care centers.***

Once we develop model legislation on the licensing and operation of licensed child care centers, each state and Puerto Rico should compare its statutes to the model legislation and enact appropriate amendments.

- ***Implement a child care professional development initiative.***

North Carolina provides a good approach to improve the child development skills of child care workers. The T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood Project provides educational scholarships for child care teachers, center directors and family child care providers statewide.

Under the T.E.A.C.H. Early Childhood umbrella, scholarships partially fund the cost of tuition, books and travel for individuals who are interested in achieving formal education leading to a North Carolina Child Care credential, the Child Development Associate (CDA) credential, and associate and bachelor's degrees in child development. Wage increases or bonuses are provided upon completion of an agreed-upon number of course hours or upon attainment of the North Carolina Child Care credential. Since the project began in 1990, turnover among child care workers has gone from 40 percent per year to 10 percent and average wages have increased 10 percent. T.E.A.C.H. has had 32,000 day-care workers on scholarship since July of 1997. Recently, North Carolina granted Georgia and Florida licenses to operate the program.

What partnerships in each community can do

- ***Launch a comprehensive Starting Points strategy to improve the health and education of young children. Join with faith-based institutions and other community-based organizations to create networks to strengthen families in each community.***

First, communities can develop new approaches for improving support for young children and expand the approaches that work. Second, communities can coordinate existing efforts more closely. Third, communities can launch public marketing programs to mobilize leaders to focus on this problem. The Carnegie Corporation has compiled information on approaches that work. Puerto Rico also impressed our Commission with its comprehensive approach to supporting children. Puerto Rico has built its support for children and families into a broader action program to build communities.[34]

- ***Implement a parenting education initiative similar to Parents as Teachers.***

Created in Missouri in 1981, the Parents As Teachers (PAT) program has now been implemented in approximately 2,000 sites in 48 states in the U.S., as well as in six other countries. PAT is based on the philosophy that parents are a child's first and most influential teachers and that the school's role in the early years is to assist families in giving their children a solid educational foundation. Children of parents who participated in the program have scored significantly higher than the national average on standardized tests administered both at age three and at the end of first and second grades.

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[33] See ERIC Clearinghouse on Elementary and Early Childhood Education, "What Should Parents Know About Full-Day Kindergarten?" (1997) at www./ericeece.org.

[34] Carnegie Corporation, *Starting Points: Challenging the "Quiet Crisis"* (October, 1997).

There are other valuable programs to consider. The Home Instruction Program for Preschool Youngsters (HIPPY) uses parent activity packets, home visits and group meetings to build bonds between parents and their children.[35]

The Message: Building Healthy Environments for our Children

- Our system of early childhood education is clearly failing our children. They are not coming to school prepared to learn, and by the fourth grade not enough are reading well. Depending on the state, between 34 percent and 52 percent of our fourth graders are reading below a basic level.
- Poor primary school performance is no mystery. We know what we must do to prevent early childhood failure for every child. To be ready for school, children need to grow up in an emotionally supportive, highly verbal, and protective environment in which adults teach and model appropriate behavior.
- Our current system fails to meet the test. A survey of state regulated child care centers showed that 86 percent of the centers provided mediocre or poor quality care when judged from the perspective of child development. Worse still, 12 percent were of such poor quality that the children's basic health and safety needs were only partially met.
- To prepare ourselves for an economy that values knowledge above all else, we must improve our success dramatically with early childhood education. We need to build a flexible system of quality alternatives. We should be focusing at least as much of our energy and attention on early childhood as we do on post-secondary education.
- Our new approach needs to include comprehensive prenatal care, flexible, responsive supports for families that need them, parent education in child development, high-quality child care centers staffed by trained child care professionals, universal preschool, and mandatory full-day, every day kindergarten.
- Investing in early childhood education will be expensive. Yet, over the long run, the investment is a bargain compared to our alternatives of remedial programs, special education, high school dropouts, and persistent cycles of crime, prison and poverty. Evidence suggests that we will save on the order of $4.75 for every dollar invested in quality preschool, and that quality preschool will significantly lower high school dropout rates.

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The Benton Foundation has compiled a valuable web site of resources for communities at www.kidscampaigns.org. See also background on HIPPY at www.c3pg.com/hippy.htm.

Chapter 4

Building Quality Education and World Class Work Skills

The demand for skilled workers has taken hold. Take the case of Shelbyville, Tennessee: "Last year, we had a high-tech tool-and-die company from Michigan approach us about building a plant here," says Robert Barnes, former executive director of the Shelbyville Chamber of Commerce. "One of the first questions they asked us was, 'Can your high school graduates perform calculus?'"

Calculus? In jobs for children who aren't going to college?

The reaction in Shelbyville was what could be expected in virtually any community around the South. "We were completely taken aback," Barnes recalls. "The truth is, unless they are on a college track, very few of our high school graduates will have taken a course like that."

As Barnes wisely observed, "We are facing a second revolution here in the South with respect to the jobs available for non-college graduates. A lot of our students think you can still get a decent-paying job out of high school without knowing a particular set of skills. It's just not true anymore."

The experience of Shelbyville highlights the overall story about what is happening in many communities: Despite investing more money and time in our schools over the past three decades, we have simply not produced significant increases in student performance. Improving our performance is complex, and we have a lot of issues to consider.

The New Basic Skills. Today, the skills our high school students need to earn a middle-class income are not the same skills their parents needed a generation ago. Firms paying middle-class wages require a set of new basic skills.[36] These include:

- *The hard skills:* basic mathematics, problem solving, and reading abilities at levels much higher than most high school graduates now reach;

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[36] The job of defining these new skills began during the Bush Administration with the Secretary's Commission on Achieving Necessary Skills. See *Learning a Living: A Blueprint for High Performance* (1992); *What Work Requires of Schools* (1993); and *Teaching the SCANS Competencies* (1993). See also, Richard J. Murname and Frank Levy, *Teaching the New Basic Skills: Principles for Educating Children to Thrive in a Changing Economy* (1997).

> ***We will be successful only to the extent that we unstintingly cultivate, develop and wisely deploy our intellectual capital. Education is everything.***
>
> Commissioner Michael Hooker
> North Carolina

- *The "soft" skills:* the ability to work in groups and to make effective oral and written presentations, skills which many schools do not currently teach; and
- *Information technology skills:* the ability to operate personal computers for such tasks as word processing and information retrieval from a data base.[57]

To boost educational performance, our states are moving to set standards, but as the Southern Regional Education Board has pointed out, we may be setting them too low.[58] This is a nationwide problem. Few states have examined the standards, tests, and curricula of other countries in designing their own standards.[59]

International Standards. We now have information that can be used to compare the quality of our science and mathematics education to that in other countries. The Third International Mathematics and Science Study (TIMSS) is the largest, most comprehensive international study of schools and students ever undertaken, providing data on half-a-million students from 41 countries. In math and science, our eighth grade students achieve near the bottom, surpassing only Columbia, Iran, Kuwait, Portugal, and South Africa.[60]

Pursuing Excellence, the series of reports on U.S. findings from TIMSS, synthesizes initial findings at the fourth, eighth and twelfth grades. It provides a comparative picture of education in the United States and the world that sheds new light on math and science education in the U.S. With this research, we can now compare students in each Southern state to international standards.[61]

Teacher Knowledge and Skills. To reach these higher standards, no step is more important than investing in quality teaching. Students cannot learn what they are not taught, and teachers cannot teach what they do not know. Both skills in teaching and a knowledge of the subject matter are important. Unfortunately, a large number of our teachers lack both. In a word, our teaching profession suffers from neglect.

The National Commission on Teaching and America's Future points to the following problems:

- *Slipshod recruitment. We are not doing enough to get the right people into the available jobs.*
- *Uneven teacher training. We are not teaching our teachers well enough in our schools of education.*
- *Sink-or-swim induction for new teachers. Young teachers rarely receive the mentoring they need.*
- *Outdated evaluation and incentive systems. We do not have the right approaches for ensuring quality and rewarding excellence.*

The National Commission points to another problem. Although no state will allow a person to fix plumbing, style hair, or practice physical therapy without completing training and passing an examination, most of our states allow school districts to hire teachers on an emergency basis who have not met basic requirements.[62]

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[57] See International Society for Technology in Education, *National Education Technology Standards for Students* (1998).

[58] See Mark D. Musick, Southern Regional Education Board, "Setting Education Standards High Enough" at www.sreb.org.

[59] National Education Goals Panel, *The National Education Goals Report: Building a Nation of Learners* (1997), p. 19.

[60] National Center for Education Statistics, "Linking The National Assessment of Educational Progress (NAEP) and The Third International Math and Science Study (TIMSS): Eighth-Grade Results," (1998).

[61] The TIMSS material is available on the U.S Department of Education web site at www.ed.gov.

[62] See Linda Darling-Hammond and Barnett Berry, "Investing in Teaching," *Education Week* (May 27, 1998) and National Commission on Teaching and America's Future, *What Matters Most: Teaching for America's Future*. The Commission compiles report cards on each state. The report and the state report cards are available at www.tc.columbia.edu/~teachcomm/.

Parents as Partners. Teachers, no matter how skilled, cannot do the job alone. Like early childhood development, we know that parent involvement boosts student performance and improves the quality of our schools.

Effective schools tend to enlist parents in a variety of activities. They keep many lines of communication open with parents, from individual meetings to workshops, written notes, and e-mail. They provide a range of opportunities for parents to support their children both at home and at school.

The successful schools take parent involvement seriously. They assign a staff person to coordinate parent activities and they measure their progress.[63]

New Approaches to Technical Education and Effective School-to-Work. Over the past 30 years, we have created a complex system of technical training. It starts with the comprehensive high schools, which still provide some job-specific training. In addition, we have built vocational and technical high schools, community colleges, technical colleges and proprietary schools to meet various needs for technical education. Some of these schools, notably the

Percentage of public school teachers who reported receiving various types of support for in-service education or professional development in their main teaching field during the current school year, by state, 1993-94

	Release time from teaching	Time built into schedule	Travel expenses	Tuition or fees	Professional growth credits	None of these
Alabama	36.4	36.9	16.0	11.2	58.5	20.1
Arkansas	51.2	50.1	32.5	20.4	37.9	16.5
Florida	50.9	41.0	17.9	16.1	50.5	20.1
Georgia	40.3	34.9	23.7	21.1	40.8	24.3
Kentucky	40.7	60.3	34.8	14.3	34.1	16.1
Louisiana	45.0	42.3	16.8	22.0	26.8	24.3
Mississippi	36.0	54.7	26.4	15.0	35.5	19.9
Missouri	50.1	36.2	29.5	25.8	25.2	24.6
North Carolina	44.5	45.4	32.7	26.9	61.7	15.7
Oklahoma	38.3	51.4	23.7	15.8	53.6	18.7
South Carolina	38.3	45.0	25.9	23.4	21.5	26.5
Tennessee	30.2	40.6	17.7	12.9	29.4	31.2
Virginia	36.6	41.1	20.0	26.1	52.5	20.9
West Virginia	31.1	38.3	21.1	18.1	34.5	25.7
U.S.	48.2	40.0	23.6	22.8	32.4	22.3

Source: National Center for Educational Statistics, *Toward Better Teaching: Professional Development in 1993-94* (July 1998), Table 17.
Figures for Puerto Rico not available.

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[63] See U.S. Department of Education, "Family Involvement in Children's Education: Successful Local Approaches" (October 1997); National Center for Education Statistics, "Parent Involvement In Children's Education: Efforts by Public Elementary Schools," Statistical Analysis Report (January 1998) and U.S Department of Education, "Family Involvement in Education: A National Portrait" (August, 1998).

> ***The future of the South will hinge on the well-being and expertise of its most important asset: the people of the South. Young people need to meet the challenge of the future by acquiring the skills to use in the workplace of the next century.***
>
> *Commissioner Duke McVey*
> *Missouri*

community colleges, have developed a range of very solid technical programs and close connections with the business community. Others have not. Many lie somewhere in the middle.[64]

In most states, reform of technical training is well underway. To meet the demands of the Networked Economy, each state needs to encourage and accelerate these innovations.

Education Systems for Lifelong Learning and New Public Commitments to Public Education. Innovative states and communities are rethinking the role of schools in their communities. In this new view, public education is viewed as a continuum of services from early care and preschool education to lifelong learning and adult education. School buildings become a place for everyone to meet and learn. Old school buildings, rather than being torn down, are converted to community centers, continuing education centers, and business incubators.

This vision of the future of the South is about more than jobs. Developing a strong commitment to public education and lifelong learning will help us build more united communities and promote personal independence and responsibility.

The Growing Role of Distance Education. This new view of the role of schools will also incorporate the latest advances in distance education. We envision an exciting future which puts learning right at the center of our lives. Commercial marketing techniques will be used to sell a variety of educational programs to a wide audience. Everything from basic literacy programs to advanced graduate studies will be readily available. The Internet will provide flexible access to hundreds of courses and materials.

Through electronic networks, students can attend class anytime, anywhere. Learning can take place at work or at learning centers in community colleges, universities, public schools, libraries, community centers, and even shopping centers. Businesses can also get the latest workforce training delivered to their companies over the Internet.[65]

The impact of this technology is not limited to postsecondary education and workplace training. A new online education service, edUniverse, provides K-12 schools with free custom-built Web sites, Web-based e-mail, message boards and technical support. Students, teachers, administrators, and parents are linked to an interactive learning community.

The South is taking its first steps in this direction through the Southern Regional Electronic Campus, an electronic clearinghouse for hundreds of courses available online. Western Governors' University has already introduced innovations that will likely shape the market for higher education in years to come. These innovations include international partnerships and loosening the restrictions of accreditation.[66]

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[64] Lynn Olson, *The School to Work Revolution: How Employers and Educators are Joining Forces to Prepare Tomorrow's Skilled Workforce* (1997).

[65] National Center for Education Statistics, "Distance Education in Higher Education Institutions," Statistical Analysis Report (October 1997).

[66] See Commissioner Hooker's discussion in Michael Hooker, "The Transformation of Higher Education," in Diana G. Oblinger and Sean C. Rush, *The Learning Revolution* (1997). The Western Governors' University recently concluded an agreement with the China Internet Education Center to begin cooperative distance learning efforts with major education agencies in the People's Republic of China. See PR Newswire, "Western Governors' University Expands Global Reach Through Agreement With Chinese Government," (July 6, 1998). New York University has established a for-profit subsidiary to develop and sell on-line courses to other colleges and universities, "NYU Sees Profit in Virtual Classes," *New York Times*, October 7, 1998. The move responds to for-profit universities, such as the University of Phoenix, that have expanded rapidly into profitable adult education. Information on the Southern Regional Electronic Campus is available at www.srec.sreb.org.

Quality Public Education and World Class Work Skills: Our Unfinished Agenda

The agenda for improving our public education system is a long and complex one, but here are some places to concentrate our attention.

Focusing on New Basic Skills and Building Connections Between School and Work. An increasing number of states—including Florida, Oklahoma, and Tennessee—and community colleges are turning to the Work Keys System. Developed by American College Testing in 1992, Work Keys guides schools in preparing their graduates with basic skills and work habits. The system allows schools, students, and employers to communicate more precisely about workplace skills.

Oklahoma is using Work Keys as a voluntary assessment for secondary school students. With this tool, students and their parents can identify areas that need attention before a student graduates from high school.[67]

A Richmond, Virginia, initiative includes a Work Keys assessment of tenth grade students. This step helps students focus on career and job opportunities and establish clearly defined standards they will need in order to be successful in the work place. The commitment of the business community is the crucial element to this initiative. It gives students motivation to achieve specific skill levels and keeps everyone focused on measurable outcomes that are relevant to the requirements of the work place.

Setting internationally high standards for everyone. Education research demonstrates that all students can learn at far higher levels than we thought in the past. We are seeing the results of setting higher standards. All across the South, the proportion of students scoring three (out of five) on advanced placement exams is increasing rapidly.[68] The performance gap between African-American students and white students has narrowed dramatically in recent years. Since 1971, the black-white reading gap has shrunk by one-half and the math gap has closed by one-third.[69]

Increasing professional development for teachers. We can improve the quality of our teachers with the following steps.

- First, make certain that the state licensure of teachers requires an adequate background in the area in which the teacher is to be licensed or certified.
- Second, monitor carefully the issuance of all emergency certificates within a state. We should ensure that school districts do not place into the classroom individuals who have not been properly prepared for teaching or who have insufficient knowledge in the subject matter to be taught.
- Third, we need effective monitoring of certified or licensed teachers to ensure that they teach only those subjects in which they have been prepared. The problem of teachers teaching "out of field" is especially troublesome in middle schools. This problem is acute in subject areas such as mathematics for which we have a scarcity of qualified teachers.
- Fourth, we need initiatives to address critical teacher shortages in math and physical science. These efforts could include special summer retraining programs to help teachers who are prepared in "surplus" subject areas to qualify in fields where we have shortages. These initiatives could also include special financial incentives.
- Lastly, state leaders need to ensure that continuing education requirements for teachers are met only by class work that is in the area of teaching responsibility.

Continuously improving every school. As a region, we will only improve our educational performance school-by-

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[67] Omaha, Nebraska is using Work Keys to encourage secondary school faculty to develop lesson plans which enhance workplace skills. These lesson plans are incorporated in a database which is available to other teachers.

[68] See Marc S. Tucker and Judy B. Codding, *Standards for Our Schools: How to Set Them, Measure Them, and Reach Them* (1998). Tucker heads the National Center for Education and the Economy. Their web site is www.ncee.org.

[69] Christopher Jencks and Meredith Phillips, "America's Next Achievement Test: Closing the Black-White Test Score Gap," *The American Prospect* (September-October, 1998).

> ***We have begun programs to assure that the citizens of tomorrow have the skills to compete among themselves and in the global marketplace. It is now our challenge to foster these programs financially.***
>
> *Commissioner Pam Warren*
> *Oklahoma*

school. For the most part, our states have focused on large-scale reform efforts to improve standards, assessments, and accountability. These "top-down" steps are essential, but not enough. We also need "bottom-up" school-by-school action plans.

Across the South, we can find schools that have improved dramatically with a number of different approaches. These include programs such as School Development Project, Success for All, Schools That Work, and Modern Red Schoolhouse. These school-wide reform initiatives are building national support networks and resource centers to help other schools. Other reforms focus on improving classroom instruction in single topics, such as reading or math.

Not every school is equally prepared for reform, and we can dangerously simplify the issue when we focus too much on exemplary schools with visionary leaders. In fact, most schools need basic help in achieving more modest goals.

Building parent involvement in their child's education. Parental involvement in education represents a key element of a student's success. Unfortunately, schools in the South have considerably lower rates of parent attendance at teacher conferences, open houses, and arts events than schools in other geographic regions.

Reducing the number of high school dropouts. High school dropouts are three and a half times more likely to be arrested and six times more likely to become unwed parents than are high school graduates. Simply put, high school dropouts represent a drag on the new economy, while graduates help build it. Research indicates that the benefits of early intervention programs to keep kids in school exceed their costs by a factor of at least six-to-one. Given this potential, we are probably under-investing in this area.

Coordinating efficient, market-driven technical training in each community. A wide range of public and private initiatives have been developed for increasing the quantity and quality of school-to-work transition programs, job-related training, and continuing education. We need to accelerate experimentation with these programs at the state and local levels to determine which are the best.

Winning the Skills Race, a report released by the Council on Competitiveness, states: "The demands for increased skills are rising much faster than any U.S. company, group of workers, or the nation's educational system can respond." Expanding collaboration among employers, workers, educators and government officials will improve our ability to respond quickly to the ever-changing demand for skills.

Communities like Tulsa, Oklahoma, have designed workforce development strategies that work. Their success

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Robert E. Slavin and Olakokimbo S. Fashola, *Show Me the Evidence: Proven and Promising Programs for America's Schools* (1998).

A recent commission in Iowa, for example, recommended establishing a continuous improvement center within the state to help reform-minded schools and school districts. State of Iowa, *Final Report of the Governor's Commission on Educational Excellence for the 21st Century* (September, 1997).

For a review of this research, see Kathleen Cotton and Karen Wikelund, "Parent Involvement in Education," Northwest Regional Education Laboratory (September, 1997). See also U.S. Department of Education, *Family Involvement in Education: A National Portrait* (August, 1998).

Lisbeth B. Schorr, *Within Our Reach: Breaking the Cycle of Disadvantage* (1988).

National Research Council, *Improving America's Schools: The Role of Incentives* (1997).

See Lynn Olsen, *The School to Work Revolution* (1997).

Council on Competitiveness, *Winning the Skills Race* (1998).

hinges on establishing a range of coordinated initiatives, each one targeted at a different problem. One initiative coordinates and markets adult literacy programs, another focuses on welfare-to-work, still another builds connections between industry and the local community college. Each community's workforce development strategy will be different, but there is one essential ingredient for success—deep involvement of local businesses.

Community colleges often take the lead in designing new workplace training, and we can see the future in the partnership between Siemens Stromberg-Carlson and Seminole Community College in Florida.

They recently opened a new Electronics Technology Advanced Training Center at the college's Sanford campus. The training facility is used for the nationally recognized Siemens Stromberg-Carlson Electronics Technician Advanced Programs. Operating since 1992, the internship program gives students the opportunity to train as electronics technicians through a rigorous two-and-a-half year program combining academic instruction with practical training.[77]

The Southern Technology Council points to another challenge in technical education: Four year institutions across the South need to develop technical degree programs more quickly to respond to the fast changing needs of business.

In each community, distance education will play an increasing role in technical education. Spending on distance learning doubled in the United States from 1994 to 1997, and experts are projecting similar growth through 2004. The major growth will come from small and mid-sized businesses which will embrace distance learning as new lower cost systems become available.[78]

Our Third Goal: Build Quality Education and World Class Work Skills

Since the first Commission met in 1974, we have seen a fundamental change in the balance between skilled and unskilled jobs in our economy. The Industrial Revolution was built on capital investment in plant and machinery, mechanical skills and hard physical labor. The Networked Economy will be built upon the brainpower and creativity of people—the ability to master tasks not yet invented. Businesses will invest in locations with high-quality, flexible systems of public education. That is where they will find the best educated and most adaptable employees.

Here is how we can prepare.

What regional partnerships can do

- ***Build the Southern Regional Electronic Campus into the leading electronic campus in the world.***

In 1997, the Southern Regional Education Board launched the Southern Regional Electronic Campus (SREC) (www.srec.sreb.org) to enable students to take courses at Southern universities and colleges without leaving home. The Electronic Campus leverages our states' investments in distance education by building on existing programs in this area. The Electronic Campus:

- Operates as a cooperative effort among existing colleges and universities and not as a separate degree-granting institution;
- Creates opportunities to share courses and reduce duplication among our colleges and universities; and
- Reinforces existing state-level distance education initiatives.

The SREC holds great promise—the key will be to add value. The SREC will not provide courses and assessment, but it will supplement the work of existing educational institutions.

If properly funded and aggressively marketed, it will be the hub of a nationally recognized learning network. It will generate new revenues for our institutions and capture students we might otherwise lose to institutions—and distance learning networks—outside the South.

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[77] Business Wire, "Siemens Stromberg-Carlson and Seminole Community College Open Electronics Technology Advanced Training Center," (March 12, 1997).

[78] Frost & Sullivan, *U.S. Distance Learning Markets* (1998). See also, Hezel Associates, *Educational Telecommunications and Distance Learning* (1998).

- ***Advocate for a standard national approach for measuring the numbers and reasons for high school dropouts.***

To improve quality, factory managers know they must first be able to measure it. The same is true for reducing the number of high school dropouts—we need to know how many people are dropping out and why. The National Center for Dropout Prevention at Clemson University can help in this regard by advocating standard approaches to collecting and using this information.

Currently, seven Southern states are participating in a national effort to collect consistent information on dropouts.[illegible] We need to improve these statistics and make them useful to the people who count: the parents, teachers administrators, businesses and community groups involved in our schools.

- ***Identify the causes of and develop strategies for preventing high school dropouts.***

We can also use the National Center for Dropout Prevention at Clemson University more aggressively within the region. The Center can help us promote successful approaches to boosting the number of young people who graduate from high school.

What state partnerships can do

- ***Develop a plan to teach science and math to international standards as set forth in the Third International Mathematics and Science Study (TIMSS).***

The National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, and the National

Comparisons of TIMSS scores

	Canada	Singapore	England	Ireland	Spain	U.S. Avg.	South Africa
Alabama	lower	lower	lower	lower	equal	lower	higher
Arkansas	lower	lower	lower	lower	equal	equal	higher
Florida	lower	lower	equal	lower	equal	equal	higher
Georgia	lower	lower	lower	lower	equal	equal	higher
Kentucky	lower	lower	equal	lower	equal	equal	higher
Louisiana	lower	lower	lower	lower	lower	lower	higher
Mississippi	lower	lower	lower	lower	lower	lower	higher
Missouri	lower	lower	equal	equal	equal	equal	higher
North Carolina	lower	lower	equal	lower	equal	equal	higher
South Carolina	lower	lower	lower	lower	equal	equal	higher
Tennessee	lower	lower	lower	lower	equal	equal	higher
Virginia	lower	lower	equal	lower	equal	equal	higher
West Virginia	lower	lower	equal	lower	equal	equal	higher

The table should be read as follows: "8th graders in ____ (state) scored higher/lower than students in ____ (country)."

Source: National Center for Educational Statistics. "Linking the National Assessment of Educational Progress (NAEP) and the Third International Math and Science Study (TIMSS)," Eight Grade Results (May 1998).
Oklahoma and Puerto Rico did not participate.

Note: this table compares estimated TIMSS scores from public school NAEP data for states and jurisdictions with actual TIMSS scores for nations: grade eight mathematics states (1996), nations (1995).

[illegible] National Center for Education Statistics, "Dropout Rates in the United States, 1996" Statistical Analysis Report (December 1997).

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Research Council say we have underestimated the importance of science and mathematics education:

> Today, a basic understanding of science, mathematics, and technology is very important in the workplace. As routine mechanical and clerical tasks become computerized, more and more jobs require critical thinking, problem-solving, communicating ideas to others, and collaborating effectively. Many of these jobs build on skills developed through high-quality science, mathematics, and technology education. Our nation is unlikely to remain the world leader without a better-educated workforce.

Not only is an understanding of these subjects vital in the workplace, it is necessary for our citizens to think critically about the world and to make informed decisions about a variety of personal and societal issues. The education that many Southern students receive is not adequate for a world that is being transformed by scientific and technological advances.

Attaining Excellence: A TIMSS Resource Kit will help states and local school districts compare their approaches in science and math education to international standards. The kit contains reports on TIMSS findings, videotapes of classroom teaching, guides for using this information in discussions, presentation overheads with talking points for speakers, checklists, leaflets, and flyers.

- ***Adopt statewide teacher development incentives and licensure requirements to increase the percentage of teachers professionally trained in:***
  - *the subject matter they teach;*
  - *the use of information technology; and*
  - *ways to manage cultural diversity in the classroom.*

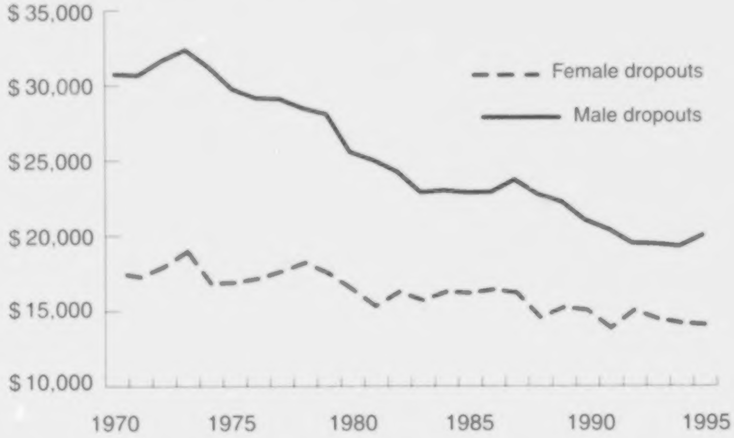
The National Commission on Teaching and America's Future states that every child has the right to a caring and competent teacher. The National Commission has set forth a clear blueprint to follow based on three simple propositions, each supported by extensive research:

1. **What teachers know and can do is the most important influence on what students learn;**
2. **Recruiting, preparing, and retaining good teachers is the central strategy for improving our schools;**
3. **School reform cannot succeed unless it focuses on creating the conditions in which teachers can teach and teach well.**

In November 1997, the Commission released a report ranking the states on teacher preparation, support and standards. Each state in our region can use this report to develop action plans for improvement.

Missouri and North Carolina were among the first states to respond. North Carolina's reforms represent some of the most comprehensive approaches to teacher development in

Median annual earnings of workers aged 25 to 34 whose highest educational level was grade 9 to 11



Source: U.S. Department of Commerce, Bureau of the Census, *Current Population Survey*

The National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, and the National Research Council, *Preparing for the 21st Century: The Education Imperative* (1997). The report is available at http://www2.nas.edu/21st.

Attaining Excellence: A TIMSS Resource Kit is available on the Department of Education web site at www.ed.gov.

National Commission on Teaching and America's Future, *Teaching for America's Future* (1996).

This report is available at www.tc.columbia.edu/~teachcomm/.

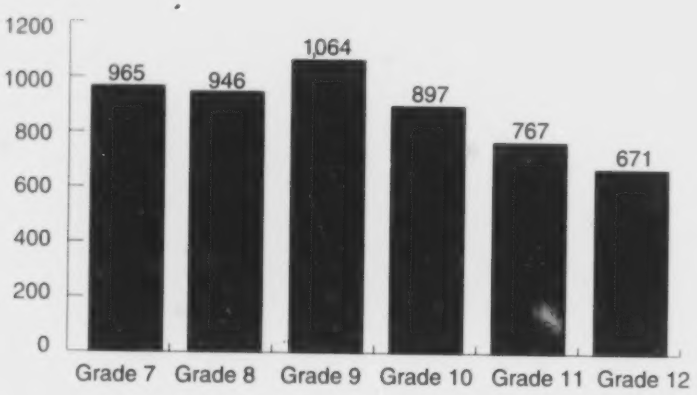
the country. The state has increased minimum salaries, required all schools of education to be accredited, implemented a mentoring program for beginning teachers, created professional development academies, and provided incentives to encourage advanced certification from the National Board for Professional Teaching Standards.[84]

- ***Improve the ability of post-secondary institutions to respond rapidly to industry's ever-changing needs for skilled workers.***

As we enter the Networked Economy, post-secondary education will need to change in response to market demands and advances in technology.[85] This will place pressure on states to manage their systems of post-secondary education more effectively.

Kentucky and other states have begun to undertake ambitious reforms of post-secondary education. More states should follow. Kentucky's reforms are designed to create a top-twenty research university, an efficient system of community colleges and technical education, and a broader system of distance education.[86] The reforms boosted the base funding for endowed chairs at the University of Kentucky and the University of Louisville, established a combined system of community education, and provided additional funding for regional universities.

High school attendance in the South (in thousands), 1996-97



Source: National Center for Educational Statistics, *Public School Student, Staff and Graduate Counts by State, School Year 1996-97*. (August 1998).

- ***Adopt simple, clear measures for schools to report high school dropouts.***

School districts need simple, direct approaches to measuring school dropout rates. Dropout statistics are slippery; standard definitions and collection procedures are important. We cannot be expected to improve if we do not measure accurately. We appear to be losing about 100,000 students per grade in high schools across the South. One fact is clear: the earnings prospects for high school dropouts are bad and getting worse.

- ***Build alliances among school districts to expand foreign language education programs***

Foreign language training opens the door to the world. It provides the key to cultural understanding which represents the foundation on which our future business relationships will be built.

We cannot consider foreign language training as an amenity, a useful elective to help young people enter college. Foreign languages are far more critical than that. In the years ahead, foreign language education will become a critical component in building international business relationships.

What community partnerships can do

- ***Implement a continuous improvement program for each school that sets a minimum of five goals:***

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[84] The National Board for Professional Teaching Standards is developing advanced standards for teachers in more than 30 certification fields.The National Board develops and operates a national, voluntary system to assess and certify teachers who meet these standards. A number of local districts throughout the South are also providing incentives for national certification. For an overview of teacher development see, National Center on Education Statistics, "Toward Better Teaching: Professional Development in 1993-94," Statistical Analysis Report (July 1998).

[85] Michael Hooker, "The Transformation of Higher Education," in Diana G. Oblinger and Sean C. Rush, *The Learning Revolution* (1997).

[86] Before the reform, Kentucky ranked 45th among the nation's public universities in money spent on R&D.

1. Every child will be able to read and comprehend by the fourth grade;
2. Every student will have a rigorous program of mathematics, including algebra, by the ninth grade;
3. Every high school will increase the percentage of its graduates who have successfully completed courses in higher mathematics and physical sciences;
4. Every student will be taught by teachers who are well prepared in the content of their subjects and the techniques of teaching; and
5. Every high school will increase the percentage of its graduates who are proficient in a second language.

The Learning First Alliance, a broad coalition of national education organizations, has set forth the first two goals, and we believe that every community in the South should adopt them.[87] The Southern Technology Council proposes the third goal, and we support it. The National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, and the National Research Council all firmly endorse this goal. The fourth goal grows out of the work of the National Commission

Selected indicators of attention to teacher quality

	Well qualified teachers[a]	Out of field teaching[b]	New teacher induction[c]	Professional development[d]	Financial incentives for national certification
Alabama	71%	25%	no	39%	no
Arkansas	74%	30%	no	43%	no
Florida	66%	30%	partial	52%	no
Georgia	76%	23%	partial	47%	yes
Kentucky	71%	28%	yes	72%	yes
Louisiana	64%	33%	partial	39%	no
Mississippi	77%	18%	no	40%	yes
Missouri	77%	9%	partial	33%	no
North Carolina	70%	23%	yes	58%	yes
Oklahoma	74%	31%	partial	33%	yes
South Carolina	73%	19%	partial	38%	yes
Tennessee	69%	27%	no	41%	no
Virginia	77%	32%	no	45%	no
West Virginia	66%	39%	yes	46%	no
U.S.	72%	28%	9 states	46%	8 states

a. Average percentage of teachers in core academic fields with full certification and a major in their field.
b. Percentage of math teachers without at least a minor in math.
c. State required and funded with mentor training.
d. Percentage of teachers who received more than eight hours of professional development.

Source: *State-by-State Report Card, Indicators of Attention to Teacher Quality,* National Commission on Teaching & America's Future (October 1997), available at www.tc.columbia.edu/~teachcomm/.
Figures for Puerto Rico not available.

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[87] See the Learning First web site at www.learningfirst.org. Twelve national education organizations are involved in the Alliance including the Education Commission of the States, the Council of Chief State School Officers, and the American Association of School Administrators.

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on Teaching and America's Future. Our Commission believes that the fifth goal is critical to our region's global competitiveness.

- ***Implement an aggressive dropout reduction program for each school.***

Communities in Schools (CIS) operates successfully throughout the South. CIS builds partnerships with corporations, public agencies and nonprofit organizations to bring mentors, tutors, health care providers and career specialists into the public schools. For example, Take Stock in Children is a statewide initiative in Florida in which CIS actively participates.[**]

Other approaches work. In St. Joseph, Missouri, for example, the United Way teamed with the business community to cut drastically the number of students dropping out of public schools. The National Center for Dropout Prevention at Clemson collects information on different initiatives, and these are available through the Center's web site (www.clemson.edu). Every community should be aggressively reducing the number of students who leave school without a high school diploma.

[**] Founded in 1977, Communities In Schools (formerly known as Cities In Schools) is today the nation's largest stay-in-school network. Local CIS programs are independently incorporated, nonprofit community-, city-, or county-wide public/private partnership organizations. They address the stay-in-school problem within their communities (and related problems affecting youth and their families) by adapting the CIS process to the needs and resources of the community. The national office of Communities In Schools, Inc. in Alexandria, Va., helps create and support local and state CIS organizations. See www.cisnet.org.

The Message: Build Quality Education and World Class Work Skills

- In the Networked Economy, brainpower is everything. If we do not improve our educational quality dramatically, we will not be able to compete for the high-value jobs of the future. Companies will simply locate and expand where education is better.

- Over the last decade, the performance of our education system has improved incrementally, while our economy has moved exponentially. We cannot expect to compete effectively with the school systems we have.

- We can only improve dramatically through a combination of clear, high standards for everyone (top-down accountability) combined with strong incentives for flexible experimentation and high-quality teaching within each school (bottom up innovation).

- What teachers know and can do is the most important influence on what students learn. Preparing, recruiting, and supporting good teachers should become our central strategy for improving our schools.

- In improving primary and secondary education, we should implement a continuous improvement program for each school that sets a minimum of five goals:
  1. Every child will be able to read and comprehend by the fourth grade;
  2. Every student will have a rigorous program of mathematics, including algebra, by the ninth grade;
  3. Every high school will increase the percentage of its graduates who have successfully completed courses in higher mathematics and physical sciences;
  4. Every student will be taught by teachers who are well prepared in the content of their subjects and the techniques of teaching; and
  5. Every high school will increase the percentage of its graduates who are proficient in a second language.

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Chapter 5

Building Broader Economic Partnerships

Throughout the Southern region, state and local leaders have followed a winning economic development formula: prepare yourself, promote yourself, and then close the deal. Preparation means investing in the public improvements necessary to attract good companies.

Over the last three generations, we have improved roads, built sewer and water systems, expanded schools, and encouraged private investment with sensible, predictable public policies. At the same time, we have aggressively gone out to recruit new jobs. We have placed advertisements in the media, showcased our states in countless national and international trade shows, and lobbied individual companies here and abroad. And we have closed the deals with tax incentives, worker training and other mutual benefits.

Looking back, we see an economic history that neatly falls into two periods. In the 40 years from 1930 to 1970, the South aggressively invested in the infrastructure needed for an industrial economy. That led to a steady improvement in the quality of jobs and the incomes we earned.

During World War II, our leadership proved that the South could be a major manufacturing center by investing in the defense industry. That industrial growth set the stage for the great migration of northern companies to the South beginning in the 1950s. By 1970, decades of infrastructure and marketing investments began to pay off in a big way. The South started growing faster than the rest of the country.

Now we can see the result of almost 70 years of continuous public and private sector investment:

- The South represents an economy of about $1.9 trillion—third largest in the world behind only the national economies of United States and Japan. We are about equal to Germany.
- Southern companies are adding jobs at rates faster than other regions, and have been doing it for a generation.
- The South is also adding jobs at rates faster than any industrialized country outside of the U.S.
- The South has become the most competitive manufacturing region in the country. While the nation has lost seven million manufacturing jobs since 1970, the South has added one million.

People and places left behind

Despite our record of success, our pattern of growth has been uneven and could hold us back in the future. The most glaring measure of disparity is the income gap

> ***Workforce preparedness, which includes both education and training for children and adults, is the single most important issue confronting Southern leadership....***
>
> *Commissioner Wayne Sterling*
> *Virginia*

between our wealthiest and poorest citizens. This is a national problem, but the gap started out bigger in the South and is growing faster here than anywhere else.

There are many reasons for the income gap, but none more important than the breakdown of the family. When fathers leave home, incomes plummet. Defenses against drugs, crime and violence weaken, and young children find themselves drawn into a downward cycle. Children in fatherless families do not do as well in school, which makes their prospects of finding a decent job dimmer.[89] For this reason, we need to think seriously about training parents—and enforcing the responsibilities of fatherhood—as our first step in workforce development. Simply put, a secure family with two parents provides the best insurance we can buy for economic prosperity.

As we have noted, states in the South have generally higher rates of high school dropouts than other regions of the country.[90] In the dawning age of the "knowledge worker" this spells trouble. Low-skill jobs have not disappeared from our economy, but there are too few of them for the burgeoning number of low-skill workers. With too many people chasing too few jobs, the wages for low-skilled employment will continue to stagnate.

Low skill levels pose another problem. For every high school dropout, our economy loses about $4,500 per year in economic production.[91] This does not account for the additional costs that some dropouts impose on the rest of us. For example, in 1992, male dropouts aged 18 to 34 had a one in four chance of being in prison, on probation, or on parole. The equivalent probability for the same men with a high school diploma was 4 percent.[92]

We are also witnessing a growing disparity between the South's fast-growing metropolitan areas and our rural counties. The term "Black Belt" refers to a band of 623 rural counties stretching across the South with a high proportion of African Americans. The Black Belt counties have a higher proportion of poverty, lower education levels, and the lowest rates of job growth.[93]

At the end of 1997, when unemployment in some major metro areas was 4 percent or less, 134 counties around the South had unemployment rates of more than 10 percent. The integration of global markets undercuts the position of these counties even further by threatening existing low-wage jobs.

Finally, we see a growing disparity between the inner city and the suburbs. In many metropolitan areas, fast-growing suburban counties are leaving behind a deteriorating urban core. Within the core, we see old buildings, poorer performing schools, and a weakening base of businesses. Meanwhile, fast-growing suburban counties confront the problem of raising enough taxes to pay for the infrastructure improvements needed to support their rapid residential growth.

As we become more dependent on information technology, the gaps between suburban and inner city schools are wide and growing. Nationwide, only 63 percent of schools with a high percentage of poor students—defined as those eligible for free or reduced-price school lunches—offer Internet access. Meanwhile, 84 percent of schools in largely suburban areas have Internet access. The gap becomes even more apparent in the percentages of "instructional rooms" —classrooms, computer labs and school libraries—that are Internet-equipped. In the wealthiest schools, 36 percent of instructional rooms offer access to cyberspace. In the poorest, the percentage drops to 14 percent.[31]

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[89] As many as half of U.S. children will spend part of their childhood living apart from at least one of their parents, usually their fathers. See National Center on Education Statistics, "Nonresident Fathers Can Make a Difference in Children's School Performance" (June, 1998).

[90] National Center for Education Statistics, "Dropout Rates in the United States, 1996" (1997).

[91] See U.S. Department of Education, *The Condition of Education*, 1998 (1998).

[92] Council of Economic Advisers, "To Save One Dollar," (October 1995).

[93] Ronald C. Wimberley and Libby V. Morris, *The Southern Black Belt: A National Perspective*, TVA Rural Studies (1997).

As we look ahead, we see other troubling signs for the South:

- Southern companies don't export as much as the rest as the country. In a rapidly integrating global economy, our businesses are not participating in as many fast-growing foreign markets. All other factors being equal, a regional economy that exports more will grow faster in the years ahead.
- We also don't perform as much industrial research and development as elsewhere in the country.[32] That means our ability to generate new products and develop new markets is not as strong as other regions.
- Our lower-skilled industrial jobs are vulnerable to intense international competition. As companies shop for lower cost locations off shore, we will continue to lose jobs in businesses vulnerable to low skill, low wage competition. We can expect the loss of these jobs to be a continuous process over the next generation.
- Unless we develop some new approaches to economic growth, our incomes will continue to lag behind the rest of the country.

Clearly, while our approach to economic development works for some of our citizens, it does not for others. We need new and broader partnerships to build skills, businesses, jobs and wealth.

Globalization: the New Driving Force

Global economic forces will inevitably shape our future. Since 1990, foreign-affiliated firms have brought 82,000 new jobs and $26.7 billion in investment to the South. The majority of foreign-affiliated firms in the US are located in the South, and they employ over 1.1 million workers. Foreign-owned firms employ 5.3 percent of all employees in the South compared to 4.9 percent in the United States.[33]

Despite recent disruptions in world financial markets, world economic growth is expected to increase in the next decade, making existing export markets more lucrative and developing markets more accessible. World output is expected to grow at a healthy 3 percent or more annually throughout the next decade. Other developing countries are expected to grow even faster.

In the years ahead, global market integration will accelerate, as trade agreements negotiated over the last decade are gradually implemented. Once they take hold, they will have a profoundly positive effect on trade.

Together, they will provide a tremendous opportunity for Southern exporters. The World Trade Organization (WTO) stands at the center of the world trading system and spearheads the reduction of tariff and non-tariff barriers. The organization includes 114 member countries, with another 28 countries in the process of joining. The WTO continues a long-standing, multi-lateral commitment to an open global trading system, and we can expect this trend toward global market integration to continue.

Full implementation of the economic unification of the European Union will make exporting to Europe more efficient and less costly for our companies. The EU is the world's second largest trade block, comprising 366 million people with $7.4 trillion in gross product annually. Southern exporters will be able to ship products to Europe using one set of standards for price, quality, packaging, and distribution.

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[31] A similar disparity in access to information technology appears between racial groups and income categories. See National Technology Information Administration, *Falling Through the Net* (1995), and NTIA, *Falling Through the Net II: New Data on the Digital Divide* (1998). The National Center for Education Statistics also compiles data on Internet access in the schools. See its web site at www.nces.ed.gov.

[32] Measured by industry and university R&D expenditures per state. National Patterns of R&D Resources: 1997 Data Update. Washington, DC: National Science Foundation. Internet (accessed February 16, 1999) at www.nsf.gov/sbe/srs/natpat97.

[33] U.S. Department of Commerce, Bureau of the Census, *State and Metropolitan Data Book 1997-1998* (1998).

This more efficient operation should lower costs and make Southern products more competitive. The EU has now introduced a new currency, and the South along with the rest of the world must be prepared to respond and integrate it into our business practices.

Another major trade agreement is now developing which holds even greater potential. The proposed Free Trade Area of the Americas represents a free trade area of all democratic countries in North and South America. The development of this trade area provides tremendous opportunities for Southern exporters. The agreement is scheduled to be drafted by the year 2000 and implemented by 2005. When implemented, this trade area will form the largest trade block in the world with over 800 million people.

Percentage of all firms exporting

	under 500 employees	over 500 employees
Alabama	1.5%	25%
Arkansas	1.5%	29%
Florida	3.8%	31%
Georgia	2.5%	29%
Kentucky	1.8%	31%
Louisiana	1.7%	20%
Mississippi	1.3%	31%
Missouri	1.9%	29%
North Carolina	2.2%	35%
Oklahoma	1.7%	21%
South Carolina	1.9%	28%
Tennessee	2.1%	31%
Virginia	1.9%	26%
West Virginia	1.1%	23%
U.S.	2.1%	34%

Source: Small Business Administration, Office of Advocacy, *Exporting by Small Firms* (April 1998), Table 3. Data for Puerto Rico not included in this report.

Technological advances are also having a positive impact on the future of global business opportunities for Southern firms. Technology is increasing productivity and lowering product costs, which helps make Southern goods more competitive internationally. Technology is also making the export process easier for small firms that cannot afford a dedicated export staff. The Automated Export system now being promoted by the U.S. Customs Service will make exporting almost a paperless process in the future.

Electronic commerce—the use of electronic networks to create, buy, distribute, sell, and service products and services—is opening vast new markets, especially for our small and mid-sized companies. Businesses began using the Internet for commercial transactions about two years ago. Early users already report significant productivity improvements from using electronic commerce.[97] An international group of private sector experts recently reached this conclusion about the impact of electronic commerce, "[T]here are strong current indications that massive changes have already begun to occur across the entire business spectrum."[98]

Seeing the opportunities, a number of international organizations are pushing forward to establish the regulatory and technology foundations needed for the coming explosion in electronic commerce.[99]

- The European Union, supported by an aggressive staff in Brussels, is the most active international organization in identifying and developing proposed policies for electronic commerce. Examples include the impact of a unified currency on electronic commerce and policies to protect the security of commercial transactions and banking records.
- The Organization for Economic Cooperation and Development (OECD) grew out of the post World War II administration of the U. S. Marshall Plan. The OECD recently issued an influential report on electronic commerce, the Sacher Report. This forecasts major changes ahead that will be driven by electronic commerce.[100]

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[97] U.S. Department of Commerce, *The Emerging Digital Economy* (1998).

[98] Organization for Economic Cooperation and Development, *Report of the Ad Hoc Group of High-Level Private Sector Experts on Electronic Commerce* (The Sacher Report) (1997).

[99] James Johnson, U.S. Department of Commerce, "Electronic Commerce and the Global Marketplace: Report on International Organizations Activities" (March 1998).

[100] OECD, *Report of the Ad Hoc Group of High-Level Private Sector Experts on Electronic Commerce* (1997).

- Group of Seven Nations (G7) operates as a powerful, albeit informal gathering of the leaders of the seven major economic powers (United States, United Kingdom, France, Germany, Italy, Canada, and Japan). It is sponsoring a number of projects to promote the development of international electronic commerce for smaller businesses.[101]
- The Asia-Pacific Economic Cooperation (APEC), formed in 1989, serves as the primary body to promote economic cooperation in Asia. APEC stands at the center of the burgeoning information technology markets of Asia. The organization, through its Telecommunications Working Group, is committed to promoting electronic commerce through seminars, studies and experiments.

Broader Economic Partnerships: Our Unfinished Agenda

Our basic aim on these points is clear: we have created a globally competitive economy, one capable of meeting the challenges ahead. But not every Southerner participates in our prosperity. In many urban neighborhoods and rural counties throughout the region, stagnation and hopelessness are the rule, not the exception.

We have areas in the South where not much has changed in 30 years. In the years ahead, these urban neighborhoods and rural counties will come under new economic pressure. Global competition for low wage jobs, poor quality school systems, and welfare reform will continue to erode the weakest sections of our regional economy. Imagine, for a moment, what will happen when we hit a national recession.

Now is the time to close the gap between the people and places that are doing well and those that are not. Our economy is booming. Companies are creating jobs at record rates. For children and adults able and willing to learn, the future has never been brighter.

Expanding our prosperity means building competitive companies in inner cities and rural counties. Our challenge is to create jobs in the areas they are needed. As a first step, we need to remember the formula we have proved: economic growth begins with adequate infrastructure. We need the physical infrastructure—transportation, water, sewer, and communication systems—to support competitive companies. We also need more business support for small firms and their entrepreneurial management teams: more incubators, more seed capital, accessible management training, and stable and responsive government policies to promote investment.

Here are the steps in our unfinished agenda.

Finding new ways to finance and build world class infrastructure. To sustain our growth and protect our environment, we need aggressive investments in traditional physical infrastructure, including water supplies, wastewater systems, roads, airports, bridges and school buildings.

In rural areas and inner cities, we need adequate infrastructure if we are to have any hope of breaking a cycle of low incomes with business development. At a time of unprecedented job growth across our region, now is the time to meet this challenge.

In our metropolitan areas, economic growth brings with it more people, more congestion, more pressure on our fragile environment. At one time, we thought of infrastructure as a collection of separate projects: a road here, a bridge there. Now we see that a carefully designed pattern of infrastructure investment plays a big part in our quality of life: clean water, efficient, safe transportation, good education.

What is more, we now see stronger connections among these investments to our broader goals. Transportation is deeply connected to growth, pollution and the environment. Good water systems and wastewater treatment protect our health and improve our prospects for a long life. Safe school buildings are essential to our children's ability to learn. By contrast, poor school environments lead to low morale and higher dropout rates.[102]

By a number of indicators, we have been under-investing in our infrastructure development. For example, across our region, depending on the state, between 16 percent and 46 percent of our bridges are substandard.[103] We have over $33 billion in needed wastewater treatment projects in the region.[104] Between 25 percent and 49 percent of our schools report at least one building is in inadequate condition.[105]

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[101] See G7, *Global Marketplace for Small and Medium Enterprises* (SMEs) at www.ihk.de/BMWi/g7-smc/index.htm.

[102] Linda Frazier, "Deteriorating School Facilities and Student Learning," *Education Resources Information Center Digest*, no. 82, (May, 1993).

If we are to sustain our growth and spread it more broadly, we need to find new ways to finance and build infrastructure. We offer no formula for reversing the deterioration in our infrastructure. As they develop their capital budgets, however, our state and local leaders need to focus continuously on the following questions:

- What are the critical capital projects that we must complete both to sustain our quality of life within the region and to compete effectively in a global economy?
- Are we confident of the standards we apply to assign priorities to these projects?
- Can effective regional planning and coordination reduce the cost of these investments?
- What is the most efficient way to use state and local revenues to meet these needs?
- What new funding mechanisms can and should we use to finance our needs?

These questions are all deeply important, and they should focus our actions.

Designing innovative regional approaches to responsive and effective workforce training. Across the South, we see a growing skills shortage that threatens our future competitiveness. Worker skills—and the ability to learn new ones quickly—will determine our future prosperity.[106]

Our root problem is ineffective public education; we are simply not turning out enough people ready to work and learn.

At the same time, businesses, especially smaller companies, are not investing enough in worker training. The federal government, for its part, has been financing too many ineffective worker training programs with little accountability for results.

Within this picture of mediocrity, we see promising pockets of innovation. State programs like Tennessee's SkillsNet show that we can quickly experiment with new ideas. SkillsNet uses the Internet to target employers hesitant to invest in worker training.

Community colleges across the region are also designing new and different ways to meet the training needs of our economy. Regional Technology Strategies in North Carolina is linking technical education with an international consortium of community colleges.

The time has come to develop regional approaches to workforce training. We all face the same challenge. With higher skills across our region, we will see better prospects for our economy.

Building extensive, high-capacity information infrastructure. To understand the importance of regional action to build our information infrastructure, we need some background on how the Internet evolved and how more advanced networks will develop.

The first generation Internet, a network of networks, started as a research tool for universities. Then, private firms began investing in the many networks that make up the Internet. Now, we see an explosion of commercial Internet applications, reshaping the way business is being done.

The same cycle will repeat with the next generation. Soon, our leading research universities will be using a new set of high capacity networks with exponentially higher speed and capacity. Eventually, this massive new network will migrate to commercial applications.

Engineers are beginning to build this advanced version of the Internet, and its powers will have vast economic potential for the South. It will allow new educational and commercial applications, virtual reality simulators, inexpensive videoconferencing, and remote telemedicine.

A consortium of universities around the country is developing the technical requirements for this network with assistance from major network equipment and communications companies. Over 30 institutions in the South are involved.[107]

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[103] William N. Dannhausen, "1994 Bridge Inventory," *Better Roads*, v. 64, no. 11 (November 1994).

[104] Environmental Protection Agency, as cited in *Rebuild America Coalition, The Case for Infrastructure Investment* (1997).

[105] General Accounting Office, *School Facilities: Profiles of School Conditions by State* (1996).

[106] For an excellent background on this issue, see Council on Competitiveness, *Winning the Skills Race* (1998).

Establishing reliable, affordable access to the next high capacity Internet will greatly enhance our future marketing opportunities. The challenge is similar to building our electric system, the telephone system or the railroads.

Already, we know that advanced telecommunications technologies vary widely across the region. Internet technologies are strong in Virginia, Florida, Georgia, and North Carolina. Internet connections are relatively weak in the rest of our region.[108]

These regional disparities could create chronic access and cost problems. The costs to connect to this next generation Internet will be far higher for rural institutions than for urban institutions. For example, it will cost Mississippi State University about ten times more than Georgia Tech to link to the high capacity hubs being designed. Problems such as these can only be addressed through regional coordination.

Strengthening our global business connections. Exports mean jobs, especially in the South where our industries tend to be more labor-intensive. Exports have accounted for 40 percent of all new U.S. jobs created since 1993. In 1996, the South had nearly two million jobs from exporting, more than double the figures from a decade earlier.[109] At the current rate, the South can expect to add an additional 1.9 million jobs by 2004.[110]

Not only do exports generate new jobs, they generate good jobs. A recent study by the research and education arm of the National Association of Manufacturers and the Institute for International Economics found that exporting companies "grow jobs" 20 percent faster, are 9 percent less likely to shut down, compensate employees up to 10 percent more, and enjoy 20 percent higher productivity than comparable non-exporting companies.

Despite the importance of exports to economic growth, a relatively small percentage of Southern firms export. Southern states account for about 20 percent of the nation's exports, less than one might expect for a region with 28 percent of the nation's population. The average per capita for exports in the South is about $1,258, while the per capital average for the U.S. is $2,125.[111]

Southern states also have a proportionally smaller number of manufacturing firms which export. We are relatively weak in exporting in both small and large firms.

Accelerating university research and the development of technology-based businesses. The South must prepare for and attract technology-based, high-growth companies, and our educational institutions can play a key role in this regard. New technologies are constantly being developed at our universities, yet many of these are never brought into commercial production.

Currently, every state economy in our region operates with a relatively low concentration of industrial research and development.[112] As a region we must improve technology transfer, increase R & D performance and leverage public school programs.

More states and communities are focusing on the role technology can play in developing new business opportunities. Major shifts are defining new technology-based development, and they are important to keep in mind.[113] These include:

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[107] Three separate initiatives are underway to build this network. Internet2 represents the university consortium; the National Science Foundation's very-high-speed Backbone Network Service (BNS) and the federal government's Next Generation Internet are two more. Each initiative is moving to improve the technology of networking and to demonstrate new, high speed applications. Eventually, these initiatives will converge.

[108] Mitchell L. Moss and Anthony M Townsend, "Spatial Analysis of the Internet in U.S. Cities and States," Taub Urban Research Center, New York University (April, 1998).

[109] Exports from Southern states amounted to an all time high of $91.6 billion in 1996. Although they have fluctuated from year to year, our exports have averaged an increase of 10% annually, and since 1987 they have increased by 248%. At this rate, exports from Southern states will amount to $178 billion by 2004.

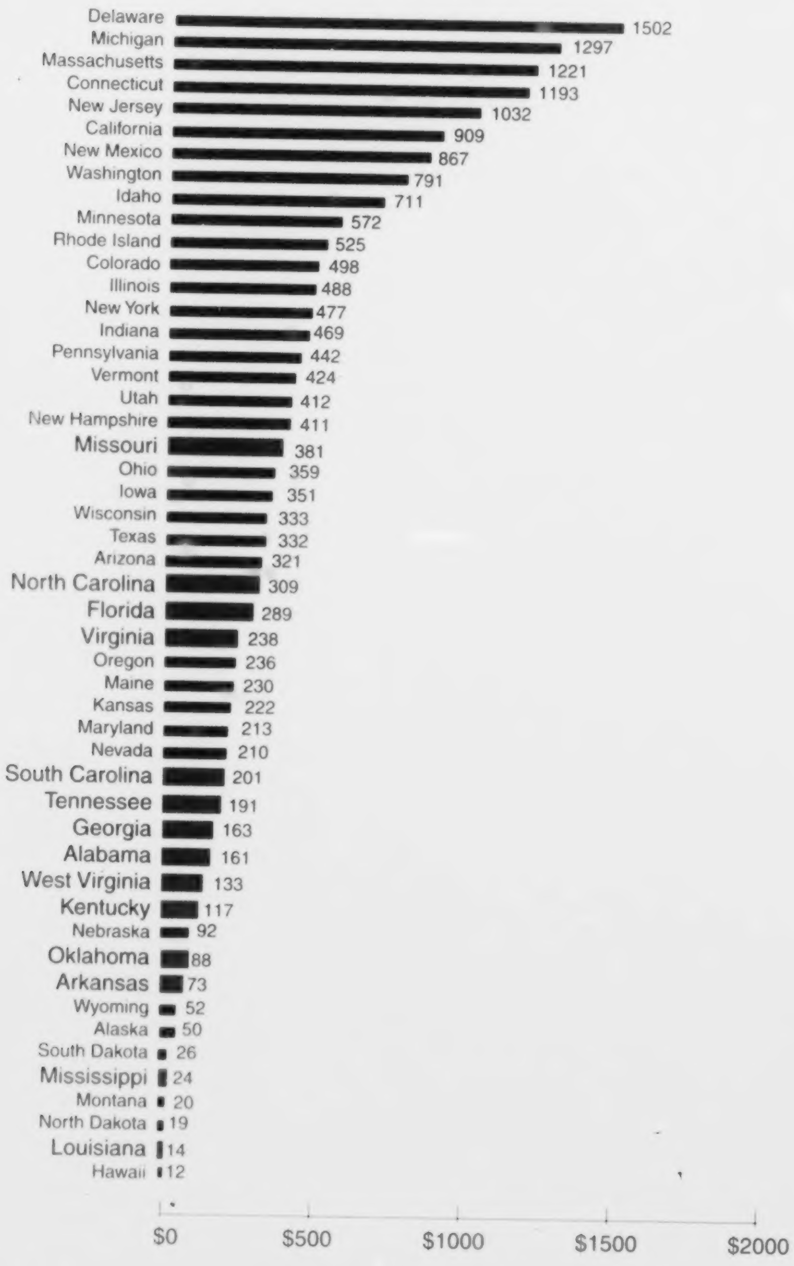
[110] Data on exports supplied by the Southern Growth Policies Board.

[111] U.S. Department of Commerce, Bureau of the Census, *State and Metropolitan Data Book 1997-1998* (1998).

[112] The states in the South generally rank low in industrial R&D. See data compiled by the National Science Foundation at www.nsf.gov.

[113] For a discussion of these factors see a report from Pennsylvania, *The Keystone Spirit: Putting Technology to Work* at www.dced.state.pa.us.

Industrial research and development per capita, 1995



Source: National Science Foundation, *State Profiles* (1996). Figures for Puerto Rico not available.

- ***The relentless diffusion of new technologies.*** Technology moves quickly because business firms are focused on continuous improvement and relentless application of technologies to new markets and products. The only sure way to keep pace is to boost our investments in university research and post-secondary education.
- ***The critical role of "anchor technology" firms.*** Anchor firms—the companies in a strong market position to exploit new technologies—foster technology development by creating a critical mass of workers and managers. Anchor firms also spawn new companies and frequently are major suppliers or customers of start-ups. Through these anchor firms, a region establishes its technology base. We need to prepare the ground for these firms and actively recruit them to our region.
- ***The importance of technical workers.*** In the early 1980s, scientists and engineers formed the core of a high-tech region, such as North Carolina's Research Triangle Park. Today, many would argue that the concentration of Ph.D.s matters less. The technical skills and capacities of technician-level workers are becoming more important.
- ***The emergence of innovative partnerships between the public and private sectors.*** The Georgia Research Alliance demonstrates that the potential for job creation increases dramatically when the public and private sectors work together to achieve critical mass in one or more of the selected technologies. A critical mass represents a large pool of scientific entrepreneurs in a supportive business environment. This leads to the sustained and rapid creation of start-up companies, such as the Silicon Valley phenomenon.[114]

Four elements must be in place for a critical mass of technology firms to develop:

1. Leading-edge research at university, government or industry research labs.
2. Strong business networks that include venture capital investors, attorneys, bankers and building owners who understand the needs of start-up companies and can provide a supportive business climate for taking risks.
3. Skilled people, all the way from front line production workers and technicians to experienced engineers, scientists and managers.
4. Strong networks of related businesses, such as suppliers and customers, in close proximity.

Our past success may set the stage for future industries. For example, we have an emerging base of technology in advanced transportation systems. As a recent report from the Southern Technology Council and the Southern Coalition of Advanced Transportation makes clear, "Southern leaders have an unprecedented opportunity to make the advanced transportation technology industry a truly Southern institution."[115]

Building aggressive, responsive networks to support entrepreneurial companies. Entrepreneurs and high-growth companies are another driving force of our new economy. Entrepreneurship involves a team of people with complimentary skills and talents. It requires a combination of creative insight, management discipline, and the sustained commitment to translate their business vision into action. It also requires the team's willingness to take calculated risks, both personal and financial.

Entrepreneurs work best in a network of people who understand and support them. Through partnerships, we can build our entrepreneurial networks. Four steps are important:

1. *Streamlining business assistance programs.* Every state and virtually every community operate small business assistance programs, all designed to help businesses thrive. To be more effective, we need to coordinate these programs and evaluate their effectiveness.
2. *Building more incubators.* Business incubators are a proven approach to encouraging business development. Business incubator programs create new jobs

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[114] See Annalee Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (1996).

[115] Southern Technology Council and Southern Coalition for Advanced Transportation, *Plugged into the Future: Advanced Transportation in the Southern States* (1998).

for a low subsidy cost and a good return on investment. The estimated public investment to create one job in an incubator is about $1,100. The cost per job of other economic development programs is often three to six times higher. Incubator companies also experience very healthy growth. On average, incubator firms showed an annual growth in sales of $240,000 between 1990 and 1996. And even more important, most firms that graduated from business incubators remained in their local communities. A recent report by the Southern Technology Council highlighted the value of incubators for high technology businesses.[116] Not enough communities and states in the South are following this formula for growth.

3. *Building local capital networks.* Gaining access to capital represents a major obstacle for some entrepreneurs. Measuring the extent of this problem is difficult, but building networks of professionals with a stake in financing new ventures can help any community.

4. *Expanding entrepreneurial education at all levels.* Teaching entrepreneurship makes a difference. Colleges and universities across the South are starting entrepreneurship programs. Communities can extend these efforts into primary and secondary schools.

Expanding tourism marketing and development. Domestic tourism continues to be a strong economic engine for the South, and we cannot afford to neglect it. For many communities, tourism represents the best opportunity for building prosperity. Tourism can, in some way, benefit virtually any community, and the industry provides government entities at all levels with important tax revenues.

We have a strong position in tourism markets, and it is getting stronger. According to 1995 figures, travel spending in the Southern states totaled $106 billion, up from just under $66 billion ten years earlier. Over this period, the South's share of total domestic travel spending increased from 25 percent to over 30 percent.

The South is also capturing a larger share of international travelers. In 1994, international visitors expended over $15 billion in the South and accounted for 256,000 jobs. We have been adding about 20,000 jobs a year strictly from international travel. We are also growing as an international travel destination faster than other regions of the country. Our share of international travel expenditures increased from 22 percent of the U.S. total in 1990 to 26 percent in 1994.[117]

Building efficient multimodal transportation systems. Connecting to global markets requires efficient transportation of people and freight. Our Southern transportation systems will be more efficient if we integrate different types of transportation and plan across state lines. The South's transportation facilities are already major assets for the promotion of economic growth. Five elements of transportation infrastructure define our advantage:

- Our superior seaports;
- Our extensive interstate highway and rail systems;
- Commercial air service throughout our region;
- The capability to reach markets across the U.S. and the world quickly; and
- Our ability to serve domestic and international business and recreational travelers.

Since transportation is an integral component of our ability to compete in global markets, the South should commit sufficient resources to developing and maintaining an integrated and high-quality transportation system. We need to build and maintain the most efficient multimodal transportation corridors in the country.

Our Fourth Goal: Build Broader Economic Partnerships

Increasingly, companies seeking to expand or relocate are looking all over the world. Necessarily, their first level of focus is country- or region-wide. Under these circumstances, rivalries between states will take a backseat to competition among different regional economies world-

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[116] Southern Technology Council, *The Art and Craft of Technology Business Incubation* (1998).

[117] U.S. Department of Commerce, Bureau of the Census, *State and Metropolitan Data Book 1997-1998* (1998).

> *Entrepreneurship is a product of the human spirit. Therefore, no force on earth can hold it back. It will happen, somewhere, somehow. The future of the South in the global economy lies in our ability to make it easier to happen here.*
>
> *Commissioner Bill Sawyer*
> *Louisiana*

wide. The South will benefit most if we can build cooperative networks among businesses, universities and government agencies in our region.[118] We should use new connections to meet these economic development challenges:

1. **Find new ways to finance and build physical infrastructure, especially in the areas of information technology and intermodal transportation;**
2. **Double university research;**
3. **Develop flexible, responsive, regional coalitions to improve our workforce skills through collaboration;**
4. **Invest in the necessary physical infrastructure and business support to build competitive companies where we need jobs—in urban areas and rural counties;**
5. **Build our entrepreneurial infrastructure throughout the South with incubators, seed capital funds, technology transfer programs, and management support networks;**
6. **Push aggressively into international markets, especially in Central and South America; and**
7. **Promote tourism even more aggressively with stronger local, state and regional partnerships.**

What regional partnerships can do

- ***Educate leaders and students throughout the South on the challenges and opportunities of the New Economy.***

We need leaders well-informed on the changing dynamics of our economy.[119] Our remarkable job growth is based on a new economic reality that befuddles traditional economists. Nationally, unemployment is running under 5 percent, economic growth at nearly 3 percent—all with virtually no inflation. The current, unprecedented economic expansion has continued with only a brief interruption since 1983.

The economy is running on a new formula. Exports and entrepreneurs are key elements in it. So is international investment, the free flow of capital around the world. Innovation, brainpower, and education fuel our growth. We need to focus our leadership's attention on the demands of this new economy.[120]

Advanced technologies are taking a larger hold over the national economy. As they do, the health of our regional economy will be more tightly tied to the performance of our technology companies. High growth businesses in computers, software, communications, biotechnology, and advanced

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[118] Location remains a fundamental element in competitiveness for business firms, but the terms of competition have shifted since the first Commission met twenty-four years ago. Low cost resources—land, labor, capital—are available globally. For the South, our enduring competitive advantages will be based on building unique concentrations of specialized skills, educational programs, competitive companies, and sophisticated, entrepreneurial managers. These interconnected "clusters" will improve our ability to increase productivity and accelerate innovation. See, Michael Porter, *On Competition* (1998).

[119] The Southern Growth Policies Board and the Southern Technology Council have prepared a proposal for broad-based economic education of our region's leaders. See "Seeing the Future: A Community Economic Education Program for the South" (1998).

[120] A range of books are available on the impact of the New Economy. Some of the best ones include: Bob Davis and David Wessel, *Prosperity* (1998); Jeffery A. Rosensweig, *Winning the Global Game* (1998); Stan Davis and Christopher Meyer, *Blur: The Speed of Change in the Connected Economy* (1998); Michael Dertouzos, *What Will Be: How the New World of Information will Change Our Lives* (1997); U.S. Department of Commerce, *The Digital Economy* (1998); Hamish McRae, *The World in 2020* (1994); and Rosabeth Moss Kanter, *World Class: Thriving Locally in the Global Economy* (1995). See also an excellent series of papers prepared by the National Research Council, *Preparing for the 21st Century.*

> ***State governments, business and industry, and universities must work cooperatively to develop a telecommunications infrastructure as the gateway to the 21st century.***
>
> Commissioner Martha McInnis
> Alabama

manufacturing now define the overall direction of the economy.

These massive shifts in our economy build new avenues for creating jobs and wealth. Entrepreneurs are leading the charge. Unfortunately, based on a recent study completed by the Southern Technology Council, the South is continuing to lose some of its most talented graduates.(2)

- ***Create new, regional approaches to financing infrastructure, especially in areas where we need jobs: urban core neighborhoods and distressed rural counties.***

Imagine, for a moment, that we have all the money we need for workforce training. We still need jobs, and we need these jobs in areas of chronically high unemployment.

In many ways, the challenge of creating jobs where we need them the most is more difficult today than it has ever been. As we consider solutions, four facts are clear:

- These jobs will be created by competitive companies, not government programs.
- Competitive companies can locate and thrive anywhere, including urban neighborhoods and rural areas, if they are supported with adequate infrastructure;
- Paying for the needed infrastructure falls outside the financial capacity of our governments in the poorer regions of the South.
- It is hard to imagine that we will ever be in a stronger economic position to find practical, regional solutions.

We share this challenge throughout the South. The answer lies, we suspect, in crafting regional approaches to financing needed infrastructure projects.

- ***Develop innovative regional coalitions to improve workplace skills.***

The time has also come to design new regional approaches in another critical area: workforce training. Like the rest of the country, the South faces a skills shortage with tight labor markets and a growing income gap between those with adequate education and those without.

Innovative coalitions among businesses, unions, educational institutions and government can create what we need: a flexible, responsive and efficient system of continuous workplace training. We can point to successful examples throughout our region to prove the point.

Our region has the economic power and political leadership to build these coalitions more aggressively. The federal government is cooperating by moving away from ineffective targeted programs and giving more flexibility to the states.

At the same time, we are making strides in communicating more clearly the precise skills needed to move ahead in today's workforce. For example, Work Keys, a skill measurement system developed by American College Testing (ACT), is already being used widely throughout the South.

On top of these developments, rapidly evolving distance education technology creates new opportunities for remote learning.

The door is now open for some bold, innovative regional initiatives in workforce development.

- ***Coordinate state telecommunications policies to accelerate the deployment of an affordable, high-capacity, seamless information infrastructure throughout the South.***

While a high capacity telecommunications network is vital to the South, it can lead to further inequities within the region if not properly planned for and executed. These inequities pose serious problems for the South, ones we should be confronting on a regional basis.

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(2) Southern Technology Council, "Where Have All the Students Gone? Interstate Migration of Recent Science and Engineering Graduates" (1998).

We have to assure that such powers will be available to virtually all our colleges and universities. Not every campus may need all this power, but we can envision a day when they will. More to the point, these high speed technologies will eventually migrate to commercial users.

Our universities participating in the Internet2 consortium have made a serious financial commitment both to upgrade their existing campus networks and to establish connections to high speed hubs—so-called Giga POPs—by contracting with existing providers. These commitments are critical if our colleges and universities are going to participate fully in the next generation Internet.

Although the new network is barely visible today, we can already see that, along with its promise, it poses two significant challenges. The first is to invest enough money to connect virtually every college and university to the network. To take advantage of this technology, we need to improve our campus and state infrastructures.

For Southern states to participate fully in the next generation Internet, we must also invest in the networks to tie local sites together. Some states, like Florida, are well along in their planning and implementation. Others need to get moving. We also need more regional coordination to break down artificial market barriers. The power of individual state networks will be vastly multiplied if we think regionally.

That is the idea behind Southern Crossroads. Spearheaded by the Southeastern Universities Research Association (SURA), Southern Crossroads represents an effort to connect regional high speed networks.

The second challenge is equally serious. If we are not careful, the next generation Internet will widen the technology gap that already exists between urban and rural areas.

The economic importance of our communications networks has been aptly likened to that of the railroads. If our rural universities are unable to afford access to the next generation Internet, the consequences will be akin to being bypassed by the railroads in the last century.

Since this network will eventually be commercialized, the consequences will not burden the universities alone. As urban areas have access to the advanced powers of high speed networks, consumers and businesses in rural areas could be left behind.

This challenge is not new; it's the same one we faced in bringing telephones to rural areas under the Rural Electrification Act after World War II.

State governments, working together and with the federal government, can solve it. The challenge is too big—and perhaps too complicated—for any one state to handle on its own. Working together, however, we can make sure that colleges and universities in rural areas are not left behind. This goal represents one aspect of our recommendation for a regional approach to state telecommunications policy.

- ***Develop the most efficient intermodal transportation corridors in the world.***

In its 1997 report, the Southern Governors' Association Task Force on Transportation noted:

> We find that the quality of the South's infrastructure will continue to play a critical role in determining the region's future economic opportunities and in shaping the nation's international competitiveness.[122]

We believe the governors should continue to promote aggressively the Task Force recommendations, especially those relating to regional corridors for freight transportation. Businesses need efficient transportation systems to compete in global markets. We should set the goal that by the end of the next round of federal transportation funding, we will be building the most efficient intermodal freight corridors in the country.

- ***Implement innovative regional initiatives to create and support competitive companies in inner cities and rural areas.***

The economic distress of our inner cities and rural areas presents us with one of the most daunting challenges we

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[122] Southern Governors' Association Task Force on Transportation, *Promoting Economic Growth and Development Into the Next Century* (February 4, 1997).

> ***The business community has fueled tremendous improvements in the South, but if we don't pay attention to what makes us competitive in the emerging economy, the engine will stall and our prosperity will evaporate.***
>
> Commissioner Ken Oilschlager
> Kentucky

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face. The lack of businesses, investment and jobs in these disadvantaged areas perpetuates poverty and fuels a vicious cycle of crime and despair.

Years of trying have taught us that we cannot solve this problem by simply redistributing wealth; social programs, standing alone, do not trigger economic activity. In these distressed areas, like any other, building wealth requires private initiative, self-interested investment and competitive businesses.

In the past few years, a number of promising initiatives have gotten underway. They include:

Competitive businesses in the inner city. The Initiative for a Competitive Inner City (ICIC) is a program of the Harvard Business School designed to promote the growth of private businesses in or near America's inner cities and to create significant job opportunities for inner city residents. Started by Harvard Business School Professor Michael Porter in 1994, ICIC has two primary objectives: develop a new approach for inner city economic development and mobilize the private sector in the inner city. ICIC is developing and implementing a series of initiatives, involving corporations and business school students, faculty and alumni.

Microenterprise development. Microenterprises are based on the idea that the poor can generate wealth from small business ownership. A disciplined peer group is used in some microenterprise lending models, serving as both a guarantor for repayment of loans and a source of advice, training and support. Based in Pine Bluff, Arkansas, the Good Faith Fund has pioneered microenterprise lending programs in rural areas. This type of program provides small amounts of money for the self-employed.

Entrepreneurship education. A number of foundations support entrepreneurship education in the schools. These courses teach the basics of creating wealth both in entrepreneurship and investing. For example, Rural Entrepreneurship Through Action Learning is a non-profit organization that encourages youth to remain in rural areas by helping them start their own businesses.

With a regional effort, we can pool the best approaches to business development in disadvantaged areas. Just as important, we can make a systematic and consistent effort to evaluate and transfer the best ideas from international development projects. For example, Arkansas' microenterprise lending program was developed from a program managed in Bangladesh by the Grameen Bank.

Across the South, foundations such as the Winthrop Rockefeller Foundation and the Foundation for the Mid-South support innovative practices to build wealth in low income areas. These foundations and others have worked hard to identify and support promising projects. They show us new possibilities for both our rural and inner city economies.

To these ideas, we would add another, contributed to the Commission by Jim Wiseman of Toyota. Why not use our strong base in auto manufacturing to build minority suppliers in the South?

Wiseman points out that auto companies in the South already have solid connections among themselves. Together, they could set an aggressive goal for minority business development that could have far-reaching impacts.

- ***Implement a regional initiative to promote the development of an integrated market of the Americas.***

Since the 1990s, the integration of the Americas has moved along two paths. First, we extended the free trade agreement between the U.S. and Canada to include Mexico in the North America Free Trade Agreement (NAFTA). Second, the countries of South America are moving ahead with Mercosur, the Common Market of the South. Mercosur, which includes Brazil, Argentina, Paraguay and Uruguay, represents 60 percent of the total economic output of Latin America.

We are beginning to see the future emerging. In December 1994, government leaders met at the Hemispheric Summit of the Americas in Miami and resolved to build a Free Trade Area of the Americas by 2005. Although U.S. domestic political pressure has slowed a U.S.-led move to market integration, the countries of Latin America are not waiting. They are instead moving ahead with their own trade agreements and linkages. In 1996, Chile and Bolivia became associate members of Mercosur.

Clearly, the markets of the South will continue to consolidate with or without action in Washington. The Southern states and Puerto Rico need to be in the forefront of this integration. We took important steps when the Southern Governors recently strengthened their collaboration with the Central American Presidents through the Declaration of Puerto Rico. This collaboration, led by Governor Rosselló, is designed to promote trade, investment and tourism between our two regions. Our solid relationship in Puerto Rico—clearly demonstrated by the deliberations within our Commission and the active role taken by Commissioner Burgos and her staff—will provide our businesses an invaluable guide to the markets of Latin America.

- ***Promote the South more aggressively in international markets.***

Exporting is directly related to the size of the business. Entering foreign markets involves many serious economic, information, and risk barriers that small firms have difficulty overcoming alone.

Public export promotion programs have been developed to overcome these barriers. State and local export promotion programs have been around in force for 10 to 15 years, but the system as a whole has not significantly evolved in terms of its tasks, political profile, and mission. The system, which includes not just public but also private for-profit and non-profit programs, is ad hoc, unable to fill all needs, and operates under constant threat of collapse.

Most public and nonprofit trade programs offer businesses free or nearly free assistance in scanning the globe for potentially good markets. But once those are identified, exporters need extremely tailored market intelligence. This can be prohibitively costly for a small business. Some universities have responded by loaning out their business graduate students to prepare market research reports for businesses as a "class project."

The Virginia International Market Planning program has done what few other such programs been able to do—reach an efficient scale, offer quality assurance, and integrate legal concerns into market research. The state has signed on several colleges to offer the service. Moreover, it is not just a university project: the state's trade staff participate in small but direct ways in the preparation and presentation of the finished reports. Businesses are typically assigned graduate students with business experience, many of whom are foreign students with personal high-level business contacts back in their home countries. In addition, a law student is often assigned to the team to help provide critical input on legal issues facing the potential exporter.

To take advantage of our global opportunities, state export promotion programs should be top quality. In addition, we need to explore more regional cooperation in opening foreign markets. We currently have no region-wide export development effort. Each Southern state operates its own trade offices. Other major players in export promotion include the U.S. Foreign Commercial Service, World Trade Centers, Small Business Development Centers, local trade offices, and Chambers of Commerce. The South has about 500 major export promotion programs, thousands of internationally centered organizations, and tens of thousands of organizations with significant international contacts.

What state partnerships can do

- ***Build an entrepreneurial infrastructure to support the growth of home-grown businesses.***

We have proven our ability to attract businesses to the South. We are less successful in supporting and growing our own businesses. We have very few "hot spots" where entrepreneurs find it attractive and easy to build a business. To be successful in the next generation, we need more.

Each state can take a number of steps quickly:

- Streamline the current business development programs to support entrepreneurs. These programs

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> *As we approach the creation of a Free Trade Area of the Americas in the year 2005, the economic prosperity of the South as a region may very well depend on how successful we are in positioning ourselves as the nation's gateway to the trade and investment opportunities that are emerging.*
>
> Commissioner Norma Burgos
> Puerto Rico

should focus clearly on saving entrepreneurs time and money. To be effective, they must provide valuable information quickly. At a minimum, these programs need to measure their effectiveness and track their results.

- Build more business-to-business networks. Communities and states can encourage this interaction by supporting nonprofit business networks.
- Continuously improve the responsiveness of government to small businesses through regular review of business regulations.
- Create new incubator facilities. These developments have been proven to encourage the growth of new firms.
- Encourage seed capital investments in new companies. Seed capital—the money needed to prove a business—is often the most difficult investment to find. There is no single approach to this problem. Everything from venture capital forums to public-private co-investment funds can work.

- ***Double the level of university-based research leading to commercial development.***

Most of our states are below the national average in terms of industrial R&D per capita. We have some exceptions: Florida, Georgia, North Carolina and Virginia are moving ahead in establishing technology-based economies. As a region, we can and should do better. We need to increase university-industry partnerships and the share of university research. In fact, we need to set the goal of doubling the size of our research-based economy over the next 10 years. This means:

- Doubling the number of Southern research universities that the National Science Foundation ranks in the top 50 nationally;
- Doubling the percentage of academic research funded by industry;
- Doubling the amount of royalty revenue Southern universities receive from their technology; and
- Doubling the number of start-up companies that develop from university research.

Second, on each campus we must streamline rules for technology transfer. These rules govern the complex but important process of protecting and selling a university's intellectual property. Improving these rules will open the door to more businesses funding university research. Finally, we need to create faculty policies on each campus that aggressively support university research. University research is vital to our future, and we need to create the right incentives for those who do it.[12]

- ***Generate matching funds as an incentive to encourage university-industry partnerships.***

In building our research base, we have some solid models of university-industry collaboration to follow. Everyone knows about North Carolina's Research Triangle Park. But the University of Alabama at Birmingham, the Georgia Institute of Technology, the Virginia Center for Innovative Technology, and others have also been at this a long time.

Georgia Tech established the Advanced Technology Development Center in 1980. More than 2,000 jobs are now associated with ATDC member companies. The center started with a group of prominent alumni, the Committee of Twenty, who advocated a focused strategy for developing technology firms in Georgia. The Center was established with legislative and financial support of the Governor and the General Assembly.

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[12] See Southern Technology Council, *Benchmarking Best Practices for University-Industry Technology Transfer: Working with Start-Up Companies* (October, 1995) and *Benchmarking University-Industry Technology Transfer in the South* (1997). See also State Science & Technology Institute, *Science and Technology Strategic Planning: Creating Economic Opportunity* (October 1997).

The ATDC operates three main programs: the Entrepreneurial Services Program, the Faculty Research Commercialization Program, and the Corporate R&D Support Program.[124]

> ***The South faces two paramount challenges—building a university research infrastructure for economic prosperity in the 21st century and establishing higher educational expectations so all our citizens can participate in that prosperity.***
>
> Commissioner Constantine Curris
> South Carolina

In Virginia, where leaders view the ability of businesses to exploit new technologies as critical to the state's economic future, the Center for Innovative Technology (CIT) helped make the commonwealth a world center of technology business development. CIT's investments yielded hundreds of millions of dollars in economic benefits and thousands of technology-based jobs, contributing to Virginia's economic vitality and increasing the standard of living for its citizens.

In addition to providing R&D resources and augmenting the state's science and technology infrastructure, the CIT offers a wide variety of services to technology-based businesses through its partnerships with Virginia's colleges and universities, Technology Development Centers, special centers, a Technology Applications Center, Entrepreneurship Centers, regional manufacturing centers, and federal labs.

North Carolina serves as another model in this regard. Chancellor Michael Hooker has opened a technology transfer office at the University of North Carolina-Chapel Hill. North Carolina State University has built the Centennial Campus expressly to promote cooperative ventures between the university and industry. Such initiatives increase the chances for new businesses, and jobs, to locate nearby.

Smaller institutions can participate aggressively in building the South's technology base. Louisiana Tech University, for example, has developed a micromanufacturing center and manages an internationally recognized program in trenchless technology.[125] Both areas attract industry support, but the availability of matching funds would accelerate Louisiana Tech's development.

Throughout the South, we need more aggressive commitment to university research and the development of commercial ventures from this research.

- ***Invest in high capacity information infrastructure.***

Some states in our region are pursuing aggressive plans to build their communications infrastructure. Others are not.

Communications infrastructure today is equivalent to the railroads, electric system, and telephone systems we needed to launch the Industrial Age.[126]

As in the past, the construction of our region's information infrastructure will be a joint public-private enterprise. Each state will play a principal role in promoting this development within its borders.

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[124] The Southern Technology Council has documented the impact of ATDC and other technology based initiatives in its report, *The Art & Craft of Technology Business Incubation* (1998).

[125] Micromanufacturing involves the manufacture of very small electro-mechanical devices, such as sensors and motors. Trenchless technology includes horizontal drilling technologies, pipeline rehabilitation, and laser guided microtunneling devices.

[126] See a series of publications by the Corporation for National Research Initiatives on the history of infrastructure in the United States: *Power and Light: Electricity in the U.S. Energy Infrastructure, 1870-1940* (1996); *Natural Monopoly and Universal Service: Telephones and Telegraphs in the U.S. Communications Infrastructure, 1837-1940* (1995); *"In God We Trust" All Others Pay Cash: Banking as an American Infrastructure, 1800-1935* (1996); and *Emerging Infrastructure: The Growth of Railroads* (1995).

We know from history that the states which aggressively assume this role will reap the major spin-offs from infrastructure development. The rise of the railroads stimulated growth in certain regions and left other communities behind. Railroads also promoted closely connected developments in banking, law, accounting and logistics.

The history of our past infrastructure development also teaches us of the importance of both political leadership and technology planning. Leadership promoted the public-private collaborations needed to build infrastructure. We needed planning to make sure everything fit together efficiently.

The same challenges face us today as we build our information infrastructure for tomorrow.

- ***Upgrade state incentives for local tourism development.***

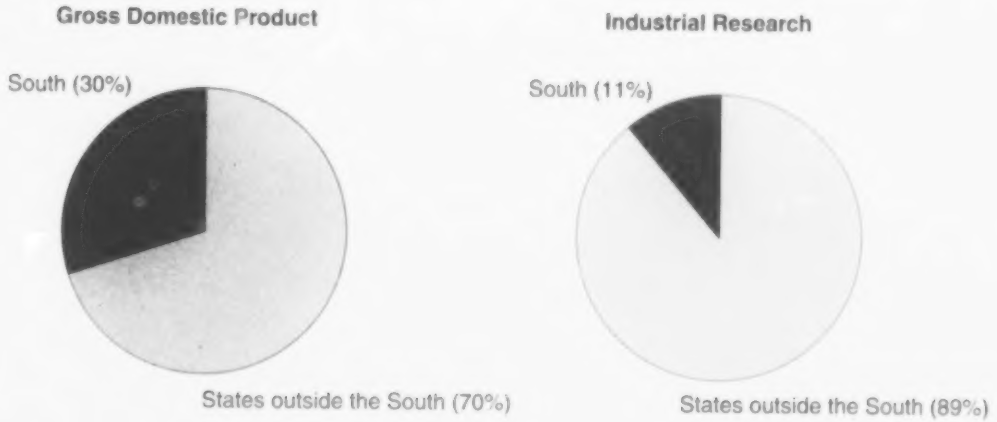
States can assist their communities in developing active tourism programs. For example, many Alabama communities have heritage or cultural tourism programs. Virginia aggressively supports international tourism, and environmental tourism is actively promoted in the coastal zone of South Carolina. Throughout the South, we need to continuously upgrade our tourism development programs and look for new marketing opportunities.

Two organizations, Travel South USA and Southeast Tourism Society, work to build the reputation of the South as an attractive travel destination in key domestic and international markets. Nearly all Southern states are represented in the United Kingdom, and a growing number are opening offices in Germany, France, Canada, and other emerging markets. Travel South USA maintains an office in Japan on behalf of its 12 member states and recently opened a public relations office in the United Kingdom.

Boosting tourism takes a lot of effort: consumer and trade advertising, public relations campaigns, attending consumer and trade travel shows, hosting tour operators and travel media, working with airline partners to sell specific destinations, and providing information over the Internet.

Besides creating favorable awareness among potential world-wide visitors, Southern travel suppliers must ensure that sufficient travel products and packages exist for their clients to purchase. This involves working together, in partnership with neighboring cities and states, to create attractive packages that showcase the best of the South. These packages must then be marketed to travel intermediaries,

The South's share of gross domestic product and U.S. industrial research and development
(GDP: 1996; Industrial research: 1995)



Sources: GSP from U.S. Department of Commerce, Bureau of Economic Analysis, *Regional Accounts Data*, 1996 GSP (1998). Industrial R&D from National Science Foundation, *Survey of Industrial Research & Development* (1995).

including U.S.-based operators along with travel agents and tour operators abroad.

> ***The future of the South is a time for us to value our cultures while learning from each other, to educate ourselves from early childhood until eternity, and to enjoy the global competitiveness of our region.***
>
> Commissioner Irby Simpkins
> Tennessee

What community partnerships can do

- ***Improve the responsiveness of government to small businesses.***

Many government organizations have unclear or conflicting missions. Few face direct competition or have a clear "bottom line," and many are not accountable to their customers. In this situation, organizations act bureaucratically, responding only to their own internal logic.

This behavior imposes costs, and the costs fall heaviest on smaller firms. These businesses will provide much of our job growth in the years ahead.

To support our private entrepreneurs, we need committed public entrepreneurs. These are local officials committed to dramatically improving the effectiveness, efficiency, and adaptability of government organizations.[127]

- ***Build business-to-business networks to support entrepreneurs similar to the Council for Entrepreneurial Development.***

North Carolina's Council for Entrepreneurial Development (CED) provides a good model to follow in building support organizations for entrepreneurs. Founded in 1984 to stimulate the creation and growth of high-impact companies in the greater Research Triangle area, CED achieves its mission by providing programs and services in four areas: education, capital formation, mentoring, and communications. Through these efforts, CED provides entrepreneurs with the knowledge and skills to ensure their success, and it heightens awareness of the contribution that entrepreneurial companies make to our communities and our economy.

- ***Teach foreign languages to more students.***

Competing successfully in a global economy will require us to be more aware of different cultures and ways of thinking. Foreign languages open the door to this understanding.

Across the country, enrollments in foreign languages are increasing, but we need to promote foreign language education more aggressively to our children. Nationwide, 42 percent of students in grades 9 through 12 were enrolled in foreign language education in 1994. That is an increase from 21.9 percent in 1982.[128] We need to accelerate this trend in the South. Learning a second language—which is easier for children if they start early—allows us to understand people from other cultures, their histories, and points of view. To equip our children for the global economy ahead, we need to stress the importance of foreign languages. As Commissioner Biggins reminds us, "In this world today, every child will need a second language." Unfortunately, only about half of the U.S. public feels that learning a foreign language is either "essential" or "very important."[129]

- ***Implement entrepreneurial education curricula in schools.***

Across the South, more colleges and universities are promoting entrepreneurship education. Entrepreneurial skills are being taught in some primary and secondary classrooms, community colleges, and colleges and universities within the region. Five Southern schools have notable entrepreneurship programs. They include the University of Virginia, Duke University, Kennesaw State University, Saint Louis University, and the University of Tennessee.

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[127] See David Osborne and Peter Plastrik, *Banishing Bureaucracy* (1997).

[128] U.S. Department of Education, National Center for Education Statistics, *Common Core of Data survey*; and American Council on the Teaching of Foreign Languages, *Foreign Language Enrollments in Public Secondary Schools*, Fall 1989, Fall 1990, and Fall 1994.

[129] National Center for Education Statistics, "Public Attitudes Toward Secondary Education: The United States in an International Context," (May 1997), Figure 5.

Kennesaw State runs a nationally recognized program for teaching undergraduates the principles of business ownership and enterprise. Since founding the program in 1985, KSU has consistently drawn praise for its entrepreneurship training. The earlier we start to teach the principles of business development, the better off we'll be.[190]

- ***Incorporate tourism into local economic development plans.***

The South as a region is attracting tens of millions of visitors each year from around the world. These visitors spend hundreds of millions of dollars, fueling many a local economy. At a minimum, each community should establish a single point of contact for tourism development and participate in a regional tourism marketing program.

The Message: Building Broader Economic Partnerships

- The South now represents the third largest economy in the world. Global factors will play an increasingly important role in shaping our economic prospects. To build our competitive position, we need to build broader economic partnerships. No state, and certainly no community, can afford to go it alone. These partnerships should focus on six priority areas:
  1. Build world class infrastructure, especially in the emerging areas of information technology and intermodal transportation;
  2. Double university research;
  3. Implement widespread, innovative initiatives to build the wealth of people living in inner cities and rural areas;
  4. Strengthen our networks to support entrepreneurial teams who are committed to building businesses in the South;
  5. Push aggressively into international markets, especially in Central and South America; and
  6. Promote tourism even more aggressively with stronger local, state and regional partnerships.
- *Information infrastructure.* The South's information infrastructure is spread unevenly, and rural areas and inner cities could be left behind. The next generation higher capacity Internet may leave rural universities with higher costs to pay. These problems are not new. We faced them with the development of our networks for electricity and the telephones. We can solve the problems of building affordable access to information technology, but it will require a regional effort.

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[190] At the primary and secondary levels, a number of foundations support curriculum development to teach entrepreneurial skills. They include the National Foundation for Teaching Entrepreneurship (www.nftebiz.org) and the National Council on Economic Education (www.nationalcouncil.org). See also the web site sponsored by the Ewing Marion Kauffman Foundation at www.entreworld.org.

- *Multimodal transportation.* To keep connected to the global market, we need to invest in the most efficient transportation corridors in the country for moving both people and freight.

- *University research.* We have a relatively weak base of university research. A large number of our best trained scientists and engineers leave the South for jobs in other parts of the country. We need to promote the commercialization of technology developed in our universities in order to grow and attract new businesses. As a goal, we should double our university research base in the next 10 years.

- *Inner cities and rural areas.* Building wealth in inner cities and rural areas must come from building competitive businesses. Promising initiatives have been started, but we need to come up with a broader strategy to increase our investments in these initiatives. Foundations, commercial banks, and our larger employers, such as automobile manufacturers, can play a vital role.

- *Entrepreneurs.* Our infrastructure to support entrepreneurs needs strengthening. We need to build more incubators, strengthen local support networks, and teach entrepreneurial skills far more aggressively. We need to remember, however, that often the most effective way to support entrepreneurs is to remove the obstacles they face.

- *International markets.* We should take a leading role in the development of the Free Trade Area of the Americas. Southern states have a relatively strong export position in these markets, and our close work with Puerto Rico can help us as we develop these market opportunities.

- *Foreign languages.* Teaching foreign languages is one of the most direct ways a community can expand its international connections. While more students are taking a second language, not enough are. Virtually every child needs this exposure.

- *Exports.* Despite our economic strength, we have a relatively weak base of exporting firms. Support for exporters is often fragmented, and we can do more to coordinate our efforts across the region.

- *Tourism.* International tourism creates a major opportunity for virtually every community in the region. To take advantage of this opportunity, however, communities and states must work together to package their tours and attractions. Again, this step calls for wider regional cooperation.

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Chapter 6

Next Steps

We are competing in a new economy of information and global competition. In the past decade, more scientific knowledge has been created than in all of human history. Computer power is doubling every 18 months. The Internet is doubling every year. Our scientists also are doubling their capacity to decode the human genetic sequence every two years; in the process, they are opening the door to major new advances in molecular medicine.(1)

The old certainties are rapidly disappearing. We can feel our jobs changing almost by the week. At the same time, new opportunities appear all around us. Five years ago, few knew about the Internet; now it is a fixture in our economic and political life.

While we cannot predict what the next six years will bring, we know that we must change how we prepare. Conventional ways of doing things, our familiar arrangements—between school and work, employer and employee, family and community, parent and child—are not adequate to meet the challenges we can already see. Why? Because too few of these arrangements place our priorities where they must be: to develop continuously the human mind and imagination.

This conclusion should not be surprising, and it is certainly not new. All across the South, we see groups of people experimenting with new initiatives, designing new organizations, establishing new partnerships. They understand that traditional approaches to new challenges no longer work well.

These civic entrepreneurs are inventing responses to difficult situations: the rise of single parent families, accelerating drug use, the growing demand for technical education, or the intense pressures of global business competition.

Our post-war economic performance was built on capital investment in land development, plant and machinery, mechanical skills and hard work. Our manufacturers have been generating enormous wealth by efficiently producing a wide range of products from apparel to automobiles. In the process, they spawned sophisticated service businesses from banking to accounting, advertising and transportation.

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(1) Michio Kaku, *Visions: How Science will Revolutionize the 21st Century* (1997).

> ***Our regional vision should be to ensure that knowledgeable, skilled and committed state leaders exist throughout the South to identify and address challenges of today and the future.***
>
> *Commissioner Calvin Smyre*
> *Georgia*

We must now apply the abilities that built our post-war economy to a fresh challenge. The Networked Economy of the 21st century will be built on a very different foundation—continuous investments in the intellect and creativity of people: brainpower.

A Road Map for What is Ahead

By the time the next Commission on the Future of the South convenes in 2004, we will likely see wearable computers, inexpensive satellite mapping displays for automobiles, and remarkable health advances based on molecular medicine.[12]

At the same time, our economy continues to split incomes apart, as it has been doing for a generation. Continuous economic pounding collapses many families and challenges most. Both parents work, not because they want to, but because they must. In the process, we push more children closer to the margin.

To continue to compete, we can equip ourselves to cope with the enormous economic and social changes we face, to make sense of the rapid transformation of our world, and to encourage imagination and innovation. More than ever before, we need high quality economic growth for our region.

We can see the road ahead. If we work together, tourism, based on our own vibrant sense of the South, will become an increasingly valuable source of wealth, even in our smallest communities. We will also grow if we increase the commitment of Southern business managers to global markets. Ultimately, however, science and technology will provide the major source of our future wealth. That is why we need to pump more resources into science and dramatically accelerate the effectiveness of our schools.

We will succeed by building our knowledge, transforming ideas into new products, services, and, ultimately, wealth. If we work it right, everyone will have the opportunity to participate—not just university researchers or venture capitalists, but workers on the production line, teachers in the classroom, and the self-employed in our inner cities.

Most important, we will succeed if we take care of our children better than we are now doing. We know how to teach every child to read well by grade four. This is the first, essential step in a lifetime of learning. Beyond economics and common sense, we have a deep moral obligation to deliver every child in the South across this threshold.

We are not suggesting hesitant or incremental changes. To achieve this goal, we will need to design a comprehensive, effective approach to early childhood development and fund it properly. We will have to look long and hard at our budget priorities and move our thinking from short term fixes to long term preparation and prevention.

Across the region we spend about $70 billion a year in education and $6.9 billion in prisons. Yet, we invest less than $1 billion in early childhood development.[13] To make a difference, we need to shift billions of dollars into high priority, high pay-off areas to improve child development over the next six years.

Industrial research presents a similar story. Doubling our effort will require us to increase public and private investments each year by $15 billion to $20 billion. That is why matching funds are so important. We can use them as leverage to encourage private investment.

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[12] Ibid.

[13] Budget figures are from the U.S. Department of Commerce, Bureau of the Census, *State Government Finances* (1996). State estimates on spending for early childhood programs were compiled by the National Center for Children in Poverty.

We need bold, innovative action not simply here, but in every area we have addressed in this report.

As a Commission, our task has been to translate the future into today's agendas. We now must implement these ideas.

> ***Now is the time for Southern business leadership and employee communities to learn and promote effective team building practices. We must end the century-old honored practice of telling people how to do the tasks that they have already mastered.***
>
> Commissioner Carl Kell
> Kentucky

Translating Ideas to Action: A Series of Southern Leadership Summits

We designed this report to help guide the South's development to 2004. While no one can predict the events which will alter our course, a clear plan can focus our efforts, improve our effectiveness, and open the door to communication and innovation.

The need to plan and invest our resources wisely becomes even more critical as we move into a global economy. While we face an era of enormous opportunities, we are confronting new and different risks. Flexibility and bold thinking have never been more important.

This plan recommends both short range and long range partnerships to prepare. As a Commission we will have succeeded if these ideas begin to shape the strategic plans and annual budgets of public agencies, business firms and nonprofit organizations throughout the South.

To make this roadmap easier to read and remember, we have included a summary of the Recommendations on page 17. This summary serves as an implementation plan and outlines the challenges we must meet as a region, in each state, and, ultimately, in each community.

With this implementation table as a guide, we propose to implement this report through a series of Southern leadership summits.

We propose that we start with a Southern Leadership Summit. The purpose of this Summit will be to define areas in which Southern leaders, working together, can prepare our economy for what lies ahead.

We expect that this first summit meeting will help us plan others on specific topic areas. For example our initial leadership summit could logically lead to a Southern Health Care Summit, a Southern Infrastructure Summit, a Southern Child Care Summit, and a Southern Workforce Summit, among others. Some of these summits could be coordinated with the annual meeting of the Southern Growth Policies Board.

The table on the next page outlines how we can start our planning for these summits.

We'd Better Start Running

So we end where we started— with the importance of connections. We will see the South prosper if enough of us meet the test of Tupelo, Chattanooga, Charleston and Blacksburg: connecting with each other to connect to the future.

The world around us is not waiting for us to act. Commissioner Frank White of Arkansas captures our sense of urgency by recalling a favorite story of Sam Walton, the founder of Wal-Mart:

> Every morning in Africa, a gazelle wakes up. It knows it must run faster than the fastest lion, or it will be killed. Every morning a lion wakes up. It knows it must outrun the slowest gazelle, or it will starve to death. It doesn't matter whether you are a lion or a gazelle; when the sun comes up, you'd better be running.

We have no time to waste. The challenges are here, now, today.

Proposed Schedule of Southern Summit Meetings

Summit Meeting	Participants	Objectives	Timing
Southern Leadership Summit	Graduates of Southern leadership programs and others	Establish ongoing network among Southern leaders; plan other summit meetings in target areas.	Fall 1999
Southern Health Care and Telemedicine Summit	Leaders responsible for health care policy	Define areas in which coordinated policies can shift focus to prevention. Potentially include telemedicine.	Spring 2000
Southern Infrastructure Summit	Leaders responsible for capital budgeting and economic development	Define new approaches to financing needed infrastructure, especially in disadvantaged areas of the South.	Spring 2000
Southern Child Care Summit	Leaders responsible for child care policy	Define model legislation and policies for improving early child care throughout the South.	Spring 2000
Southern Telecommunications Summit	Leaders involved with telecommunications policy	Define regional approaches to telecommunications policy that will lead to efficient, high capacity, seamless communications infrastructure.	Spring 2000
Minority Economic Development Summit	Leaders involved in business and infrastructure development in minority communities, especially inner cities and low income, rural counties	Define regional initiatives to educate, support and finance business owners in the minority community. Define indicators to measure our progress.	Spring 2000

Commissioner Biographies

Kentucky Governor Paul Patton, the 1997-98 chairman of the Southern Growth Policies Board, appointed members of the 1998 Commission, who were nominated by the governors of their respective states.

Chair

Martha Layne Collins is Scholar in Residence at Georgetown College in Georgetown, Kentucky, having come to this position from a position as Director of the International Business and Management Center at the University of Kentucky. Prior to that she was President of St. Catherine College in Springfield, Kentucky.

As Governor of Kentucky (1983-1987), Collins established education reform and economic development as critical priorities of her administration. During her term as Governor, Collins served as Chairman of the Southern Growth Policies Board (1986-7), dedicating her term to launching the implementation of *Halfway Home and a Long Way to Go*, the final report of the 1986 Commission on the Future of the South.

In large part due to her follow-up efforts, the 10 regional objectives set forth by the 1986 Commission gained widespread regional attention. Governor Collins brought this experience to her service as a member of the 1992 Commission on the Future of the South. Governor Collins also served as Lieutenant Governor of Kentucky (1979-1983), holding the positions of President of the State Senate and both Vice Chair and Chair of the National Conference of Lieutenant Governors during her term.

Commissioners

J. Veronica Biggins is a Partner in the Atlanta office of Heidrick & Struggles. Biggins specializes in recruiting executives for senior management positions and is a member of the not-for-profit, financial services, and board of director specialty practices.

Prior to joining Heidrick & Struggles, Biggins served as Assistant to the President of the United States and Director of Presidential Personnel. In this role, she worked directly with the President of the United States on appointments at all levels of the administration, including the placement of agency heads, ambassadors, and members of presidential boards and commissions. She continues to serve the President as Chair of the Czech Slovak American Enterprise Fund. Biggins also served as the Vice Chair of the United States Delegation to the United Nations Fourth World Conference on Women in Beijing, China.

Biggins brought to Heidrick & Struggles 20 years of experience with NationsBank and its predecessor, The Citizen and Southern Bank. When Biggins left NationsBank to join the White House, she held the position of Executive Vice President for Corporate Community Relations and was one of the highest ranking female bankers in the country.

Biggins serves on several corporate and trustee boards. She holds a bachelor's degree from Spelman College and a master's degree from Georgia State University. She is a member of the International Business Fellows.

Norma Burgos serves as Secretary of State of the Commonwealth of Puerto Rico. As Secretary of State, Burgos serves as president of more than 30 government boards, boards of directors, and working groups such as the Commission for the Study of the Unicameral Legislature for Puerto Rico the chairwoman of the Board of Caribbean Basin Projects Financing Authority.

Prior to assuming her current office, she worked in various executive positions, including serving as executive director of the Old San Juan Development Corporation. She was named Associate Member and Chairwoman of the Puerto Rico Planning Board in 1992.

Burgos has received recognition for her achievements from a variety of organizations, including the Centro Unido de Datallistas, the Puerto Rico Chamber of Commerce, the

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Food Marketing Industry and Distribution Association, the Puerto Rico Home Builders Association, the Caribbean Postmaster, the Puerto Rico Realtors Association, and the National Hispanic Leadership Conference.

She received her B.A. and M.P.A. from the University of Puerto Rico, and completed postgraduate studies in planning and administration at the Georgia Institute of Technology, the International Institute of the Americas, and the National Center for Housing Management. Burgos is a Certified Professional Planner and also has a federal certification as Housing Administrator.

Charles "Bucky" Clarkson is Founder and Majority Partner in C&M Investors, a Jacksonville, Florida-based investment partnership with holdings primarily in real estate and venture capital. He is also Founder and Chairman of The Clarkson Company, a real estate management, property leasing, and real estate asset production organization.

Clarkson previously served as President of Alex Brown Realty, an affiliate of Alex Brown & Sons Investment Bankers, and worked in real estate finance for The Rouse Company in Columbia, Maryland.

Clarkson serves on a number of boards and commissions, including the Governor's Commission for Government by the People, the Governor's Environmental Land Management Study Commission, the Board of Trustees of the University of North Florida, and the Board of Trustees of WJCT, Inc., a public broadcasting station. He received his B.A. from Princeton University and his J.D. from George Washington University.

Rebecca McDowell Cook became Missouri's 36th Secretary of State on December 16, 1994, when she was appointed by Governor Mel Carnahan to fill a vacancy in the office. On November 5, 1996, Cook was elected by Missouri's citizens to serve as Secretary of State into the next century. At the time of her appointment, Bekki Cook was serving as a member of the State Board of Elementary and Secondary Education.

She was first appointed to the state board in September 1990, by Governor John Ashcroft, and later reappointed by Governor Carnahan. From 1975 to 1992, Cook practiced law in Cape Girardeau.

Recently, Cook was selected as one of 40 emerging state leaders from across the nation for the prestigious Toll Fellowship Program, sponsored by The Council of State Governments. Cook received her B.A. and J.D. from the University of Missouri-Columbia.

Constantine Curris is President and Professor of Public Policy at Clemson University, coming to this position in 1995 from the presidency of the University of Northern Iowa.

Prior to that, Curris served as President of Murray State University, Vice President and Dean of the Faculty at West Virginia Institute of Technology, Dean of Student Personnel Programs at Marshall University, Director of Academic Programs for the West Virginia Board of Education, and Vice President and Dean of the Faculty at Midway (KY) College.

Curris has served on a wide variety of professional and civic organizations over the course of his career. He is currently a member of the Kellogg Commission on the Future of State and Land-Grant Universities and of the National Advisory Council of the Center for the Study of the Presidency.

Curris received his B.A. from the University of Kentucky, his M.A. from the University of Illinois, and his Ed.D. from the University of Kentucky.

J. Ronald Geoghegan is Executive Director of Corporate and External Affairs for BellSouth Telecommunications in Kentucky. He is responsible for the company's state legislative affairs, economic development programs, and educational technology marketing to elementary and secondary schools.

Prior to this position, Geoghegan held positions of increasing responsibility in regulatory affairs, community relations, employee communications, and media relations. He currently serves on the executive committee of the Kentucky Science and Technology Council and as Chairman of the Kentucky Advocates for Higher Education.

He also chairs the State Chamber of Commerce's Public Affairs Forums. Geoghegan earned a journalism degree from the University of Kentucky and an M.B.A. from Bellarmine College.

Michael Hooker is Chancellor of the University of North Carolina at Chapel Hill. Under Hooker's leadership, strengthening the university's ties with the state has been a major objective. He also champions the cause of all public education in North Carolina, including K-12, community colleges, and the university system.

Hooker came to this position from the presidency of the five-campus University of Massachusetts system, where he spearheaded improvements in areas such as teaching and economic development and later tackled major restructuring of two campuses. Prior to that he served as President of the University of Maryland-Baltimore County and as President of Bennington College.

Hooker held several posts at Johns Hopkins University, including dean of undergraduate and graduate studies, and also taught philosophy at Harvard University. Hooker has been a national leader in educational organizations throughout his career. He is a member of the Association of Governing Boards' Advisory Board of Presidents, served on the American Association of State Colleges and Universities' Committee on International Programs, and chaired the American Council on Education's Commission on Leadership Development.

In the corporate sector, Hooker serves on numerous boards, including Microfluidics International and Centura Bank. An expert on medical ethics, Hooker has written extensively on applied ethics in business and the ethics of biological warfare.

He received his bachelor's degree from UNC-Chapel Hill, and his master's and doctoral degrees from the University of Massachusetts-Amherst.

Carl Kell is Director of Departmental Alumni Affairs in the Department of Communication and Broadcasting at Western Kentucky University. Prior to joining the faculty at Western Kentucky in 1978, Kell held faculty positions at the University of Georgia, the University of Kansas, Texas A&M University, and Blue Mountain College.

He is the author of numerous books and articles on communication and rhetorical criticism. He received his B.A. from Ouachita Baptist University, his M.A. from the University of Arkansas, and his Ph.D. from the University of Kansas.

Daniel "Duke" McVey is currently serving his fourth term as President of the Missouri AFL-CIO. He was first elected to this position in 1982. He has been a member of Pipefitters Local 562 since 1954 and is a graduate of the Harvard Trade Union Program.

McVey serves on a wide variety of councils and committees, including the Missouri Training and Employment Council, the Missouri Business Council, the Missouri Task Force on Workers Compensation, the Commission on Management and Productivity, the Missouri State Council on Vocational Education, Missourians for Equal Justice, the Governor's Partnership on the Transition from School to Work, the Goals 2000 State Panel, the Missouri Global Partnership, and the Children's Trust Fund.

He is also a member of the Board of Trustees of Blue Cross and Blue Shield of Missouri, and Board President of Literacy Investment for Tomorrow.

Martha McInnis is Chief of the Science, Technology, and Energy Division of the Alabama Department of Economic and Community Affairs.

Prior to assuming this position, she served as President of EnviroSouth, an organization that is a recognized leader in finding environmental solutions to challenges within the region. As executive vice president of EnviroSouth's predecessor organization (the Alabama Environmental Quality Association) McInnis helped steer the organization into one of the nation's most respected community-based environmental education programs. McInnis serves on a number of boards and task force groups, including serving as Chairman of the Birmingham Branch of the Federal Reserve Bank of Atlanta, Chairman of the Southeast Recycling Market Council, as a member of the U.S. Chamber of Commerce's Agri-business and Rural Affairs Committee, a member of the Board of Trustees of the Carver Research Foundation of Tuskegee University, and a member of the Southern Technology Council.

Among the honors she has received has been the Mrs. Lyndon B. Johnson Award, presented by Keep America Beautiful, Inc. to the American woman who has done the most to improve quality of life. McInnis received her B.S. and M.S. from the University of Alabama.

Kenneth Oilschlager is President and CEO of the Kentucky Chamber of Commerce, the state's largest broad-based business association. He previously held positions as President of the South Carolina Chamber of Commerce and CEO of local chamber and economic development groups in Louisiana and Mississippi.

Oilschlager is currently dean of the National Economic Development Institute and a Fellow member of the American Economic Development Council. He currently serves on the national steering committee of the Center for Communities of the Future as well as on the Kentucky Workforce Partnership Council and the Kentucky Sustainable Development Roundtable.

Oilschlager received a B.S. from the University of Mississippi and is a graduate of the Institute for Organizational Management and the National Economic Development Institute. He has held the designation Certified Economic Developer since 1982.

Robert Reintsema is Commissioner of the West Virginia Bureau of Commerce and the West Virginia Division of Tourism, positions he assumed in 1997. He brought to these positions over 30 years of experience in the legislative arena, having served as the long-time Chief of Staff for 13-term Congressman Clarence Miller of Ohio. In addition, Reintsema served as assistant Secretary for Congressional Affairs in the Office of the Secretary of the U.S. Department of Commerce from 1974 to 1977. He received his B.F.A. from Alfred University and his M.B.A. from George Washington University.

William Sawyer currently serves as Chairman of the Board of Sawyer Industrial Plastics, Inc., a plastics materials manufacturer located in West Monroe, Louisiana. During his 18 years as president of the firm, he developed several materials that are used throughout the paper industry, resulting in the granting of three patents. He served as a board member of the Louisiana Association of Business and Industry as well as on the Council for a Better Louisiana. He currently serves as Vice Chair of the Louisiana Economic Development Council. In 1997, Sawyer was named the Small Business Person of the Year for Louisiana District Eight. He is active with the Boy Scouts of America and serves as Council Commissioner of the Oachita Valley Council. In 1970, Sawyer received the Distinguished Flying Cross while flying helicopter gunships in Vietnam.

Betty Siegel, the first woman to head an institution in the University System of Georgia, has been President of Kennesaw State University since 1981. Under her administration, the university has evolved from a four-year college with an enrollment of 4,000 students and 15 baccalaureate-degree programs to its current university status, attained in 1996, with 12,500 students and 50 undergraduate-and graduate-degree programs. Before coming to Kennesaw State, Siegel was the first woman Academic Dean at Western Carolina University in the School of Education and Psychology, as well as Dean of Academic Affairs for Continuing Education at the University of Florida. Siegel is Co-founder and Co-director of the International Alliance for Invitational Education, a long-time member and former Chair of the Board of Directors of the American Association of State Colleges and Universities, a member and former Director of the American Council on Education, and a member of the Executive Committee of the Business-Higher Education Forum.

Named one of the 100 most influential Georgians in 1990 and again in 1992 by *Georgia Trend Magazine,* Siegel serves on numerous corporate and community service boards. She received her Ph.D. from Florida State University, an M.Ed. from the University of North Carolina at Chapel Hill, a B.A. from Wake Forest University, and an A.A. from Cumberland College.

Irby Simpkins is the Chairman of the Board for EdgeNet Media. He began his career in Houston, Texas, where he was active in real estate development and other investments, including banking. He returned to Tennessee in 1977 and continued managing his real estate and banking interests. Simpkins was a principal owner of the *Nashville Banner* from 1979 and publisher from 1981 through 1998.

He is a member of a wide variety of professional and civic organizations, including the Southern Newspaper Publishers' Association, the American Society of Newspaper Editors, and The Society of Professional Journalists.

Simpkins is a Board Member of the Southern Growth Policies Board and has also served on the 1980, 1986, and 1992 Commissions on the Future of the South. He received his bachelor's degree from Vanderbilt University.

Calvin Smyre was elected to the Georgia House of Representatives in 1974 at the age of 26, becoming the House's youngest member. In 1983, he was appointed Assistant Administrative Floor Leader by Governor Joe Frank Harris, and in 1986, was appointed to the position of Administrative Floor Leader, becoming the first black in the history of the Georgia Legislature to hold this prestigious position, where he served until 1990.

He currently serves as Chairman of the House University System of Georgia Committee, which has oversight responsibility for the 34 public colleges and universities in the State of Georgia. His extensive experience in the political arena includes service on the Democratic National Committee in Washington, D.C., as well as the Executive Committees of the National Black Caucus of State Legislators and the Georgia Democratic Party.

He has received over 200 local, state, and national honors and awards, having been selected by his peers as the National Legislator of the Year in 1985. His business career path has taken him from being a community organizer and director of the "War on Poverty" program in Columbus, Georgia, to his current position as Executive Vice President of Corporate Affairs for Synovus Financial Corporation, an $8.3 billion asset financial services company.

Representative Smyre has been active in many community and health-related activities. Presently, he is a member of the Board of Trustees of the Morehouse School of Medicine, Medical College of Georgia Foundation, the Jack D. Hughston Sports Medicine Hospital Foundation, the Columbus Museum, and the Fort Valley State College Foundation, where he serves as Chairman. Representative Smyre earned his B.S. from Fort Valley State College.

Wayne Sterling joined the Commonwealth of Virginia in 1994 as its Director of the Department of Economic Development and, in 1996, was selected as the first Executive Director of the new Virginia Economic Development Partnership.

Before moving to Virginia, Sterling served as an economic development professional in a number of other Southern states, including serving as the Executive Director for South Carolina's Department of Commerce, as Group Vice President for Economic Development at the Fort Worth, Texas Chamber of Commerce, and as Vice President of Marketing for the Louisiana Association of Business and Industry.

A graduate of the Economic Development Institute of the University of Oklahoma, Sterling is a Certified Economic Developer and Fellow Member of the American Economic Development Council, which he serves as Chairman. He received a master's degree in economics and a J.D. from the University of Mississippi in Oxford. Sterling brought this wealth of experience in economic development to his service on the 1992 Commission on the Future of the South.

Isaiah Tidwell is Executive Vice President in charge of Wachovia Bank's North Carolina Southern/Western Region based in Charlotte, North Carolina. Tidwell first joined the bank in 1972 as a commercial lending and corporate loan administration officer.

Currently, Tidwell is a trustee of Davidson College and of the North Carolina Performing Arts Center, and serves as Treasurer of the Performing Arts Center. Among his civic responsibilities, he serves on the boards of the Carolinas Partnership, Foundation for the Carolinas, the YMCA, Boy Scouts of America, United Way of Central Carolinas, the Presbyterian Hospital Foundation, and A Child's Place. He also serves on the board of visitors at the University of North Carolina-Charlotte and at Johnson C. Smith University, and is a board member of Lance, Inc.

Tidwell is a graduate of North Carolina Central University and received his M.B.A. from the Babcock School of Management at Wake Forest University.

Pamela Warren serves as Cabinet Secretary of Administration and oversees 30 boards and commissions that examine, license, and regulate many professions. During 1998 she was appointed to the Executive Committee of the National Association of Chief Administrators.

Warren also directs the Oklahoma Department of Central Services, an agency of more than 300 employees providing general services to other state agencies. As Director, she serves on the Oklahoma Capitol Improvement Authority and several commissions, including the Capitol-Medical improvement Zoning Commission and the Capitol Complex and Centennial Commemorative Commission.

Prior to her current position she served as Assistant Secretary of State to Secretaries Glo Henley and Tom Cole. She also worked in several administrative positions with the Oklahoma Employment Security Commission and with former Governor George Nigh.

Warren earned a Master of Regional and City Planning degree from the University of Oklahoma and a Bachelor of Science from Oklahoma State University.

Frank White Is Bank Commissioner for the Arkansas State Banking Department, having previously held the position of Senior Vice President at First Commercial Bank in Little Rock. He served as Governor of Arkansas from 1981 to 1983, making economic development, vocational education and rural health care the top priorities of his Administration.

Governor White began his business career in Little Rock as an Account Executive with Merrill Lynch, Pierce, Fenner and Smith, Inc., and later worked for Commercial National Bank of Little Rock, served as Director of the Arkansas Industrial Development Commission, served as President and Chief Executive Officer of Capital Savings and Loan Association, and as Senior Vice President at the investment banking firm of Stephens, Inc.

He has held leadership positions in a number of civic organizations, including the Little Rock Jaycees and Rotary Club, the Arkansas Children's Hospital, and the Campus Crusade for Christ. Governor White is a graduate of the United States Naval Academy and served as a pilot for five years in the United States Air Force.

R. Michael (Mike) Williams is President of the Florida Building and Construction Trades Council, representing over 85,000 construction craftsmen who are affiliated with over 90 individual Local Unions in Florida. Williams is also Business Manager and Financial Secretary of the 1,100-member IBEW Local Union #177 in Jacksonville, Florida. He serves as a member of the Council of Industrial Relations, a national panel that issues binding arbitration decisions to labor and management in the electrical industry.

In addition, he is a Managing Trustee of the State of Florida Democratic Party, Chairman of the Board of Trustees of the NECA-IBEW Florida Pension Plan, and a Trustee of the NECA-IBEW Florida Health and Welfare Benefit Fund. Williams has been appointed to a variety of national, state, and local committees associated with issues affecting both labor and management.

Donald Zacharias is President Emeritus of Mississippi State University. During his tenure as president, the University grew significantly in enrollment and set records for private contributions and levels of research activity.

Zacharias has served as a member of the executive committee and the steering committee of the National Association of State Universities and Land-Grant Colleges and is currently a member of the organization's Commission on Food, Environment, and Renewable Resources. He also has been a member of the Commission on Arts and Sciences and the Subcommittee on Federal Student Financial Assistance.

Among other honors, in 1992, he received the Justin Smith Morrill Medal from the U.S. Department of Agriculture's Office of Higher Education. Zacharias came to Mississippi State after six years as president of Western Kentucky University in Bowling Green. He had previously been an administrator in the University of Texas system, serving as an executive assistant to the chancellor of the 14-campus statewide system and as assistant to the president of the Austin campus. Dr. Zacharias received his B.A. from Georgetown College and his master's and doctorate degrees from Indiana University.

Roger Hale, Finance Chairman. In addition to appointing the members of the 1998 Commission, Governor Patton asked Roger Hale, Chairman of the Board and Chief Executive Officer of LG&E Energy Corporation, to serve as the Commission's Finance Chairman. LG&E is a Fortune 500 energy services company with headquarters in

Louisville, Kentucky and major offices in Dallas, Texas; Fairfax, Virginia; and Costa Mesa, California. LG&E operates nationwide and internationally through three major divisions: distribution services, energy marketing, and power generation.

Hale's business career has included executive-level positions with the BellSouth Corporation and AT&T. He serves on numerous corporate and civic boards, including CompuServe, H&R Block, Junior Achievement, PNC Bank, Centre College, Kentucky Economic Development Corporation, Greater Louisville Economic Development Partnership, and the Louisville Medical Center Development Corporation. Hale received his B.A. from the University of Maryland and his M.S. in Management from the Massachusetts Institute of Technology.

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Copies of this *Final Report of the 1998 Commission on the Future of the South* are available for $10, which covers shipping and handling. Prepayment is required. Single copies of the *Summary Report* may be obtained free of charge. Ordering information is available by calling (919) 941-5145, by e-mail to sgpb@southern.org or from the Southern Growth Policies Board web site, http://www.southern.org.

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About the Board

Southern Growth
Policies Board

Formed by the region's governors in 1971, the Southern Growth Policies Board is charged with creating strategies for economic development that address the diverse, interrelated factors affecting the South's economic base. The Board complements traditional approaches to economic development with innovative strategies to strengthen the communities of our region.

Commissions on the Future of the South have been an integral part of the work of the Southern Growth Policies Board since its earliest days. Convened every six years, they have provided a means for public and private-sector leaders to assess the region's condition and propose a set of regional objectives which become an economic development policy agenda for the South.

The Board is a unique vehicle for regional cooperation and planning, as well as public-private partnership building. The Board has five members from each of the participating states and territory: the governor, two citizens appointed by the governor, a state senator and a representative. This broad-based membership is a critical combination in creating successful development strategies in today's complex and highly interdependent world.

Ongoing Board projects define the critical issues shaping our region—including technology, globalization, and education—and offer related policy recommendations and model programs. An annual Conference on the Future of the South brings together the leadership of the region to examine these and other topics in depth. Two divisions of the Board, the Southern Technology Council and the Southern International Trade Council, focus their efforts on developing strategies to strengthen the South's environment for technology development and commercialization as well as international business. A partnership with the Southern Consortium of University Public Service Organizations links the Board with a training and technical assistance network that reaches state and local government officials as well as nonprofit leaders throughout the region. And an Associate Member program involves the region's corporations, educational institutions, and nonprofit organizations in the work of the Board.

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Virginia Chamber of Commerce

West Virginia
Business and Industry Development Corporation (BIDCO)
West Virginia University College of Business and Economics

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